JAMES CROPPER PLC

ESTABLISHED 1845

The paper selected for the cover of this annual report is just one of over 30 embossing patterns available, which include textile weaves, leathers, rippling effects and intricate geometric formations.

In January 2023, the Embossing Centre of Excellence was opened. The installation of an embosser varnisher includes smart eye production technology for precision-made textured paper.

This multi-million pound investment will allow James Cropper to meet growing demand for surface aesthetics in luxury packaging and creative papers, as well as best in class service for bespoke textural effects alongside the development of individual colour.

Making a material difference.

WE'RE A PURPOSE-DRIVEN BUSINESS BUILT ON STRONG VALUES. COMBINED WITH OUR WEALTH OF MANUFACTURING KNOWLEDGE, TECHNICAL KNOW-HOW AND PIONEERING ABILITIES WE WILL STRENGTHEN OUR POSITION ACROSS MULTIPLE SECTORS AS THE PREFERRED GLOBAL PARTNER OF CHOICE.

Steve Adams, CEO

Our purpose

PIONEERING MATERIALS TO SAFEGUARD OUR FUTURE.

Our values

FORWARD-THINKING. RESPONSIBLE. CARING.

#	Location	Manufacturing	R&D	Sales Office	Partners
1	Burneside, UK Head Office	•	•	•	
2	Crewe, UK	•			
3	Launceston, UK	•	•		
4	Oslo, Norway				•
5	Helsinki, Finland				•
6	Ljungby, Sweden				•
7	Copenhagen, Denmark				•
8	Brussels, Belgium				•
9	Prague, Czech Republic				•
10	Paris, France			•	
11	Strasbourg, France			•	
12	Milan, Italy			•	
13	Budapest, Hungary				•
14	Bucharest, Romania				•
15	Schenectady, USA	•	•	•	
16	Philadelphia, USA				•
17	Dubai, UAE				•
18	Shanghai, China				•
19	Guangzhou, China			•	
20	Hong Kong, China			•	
21	Melbourne, Australia				•
22	Johannesburg, South Africa				•

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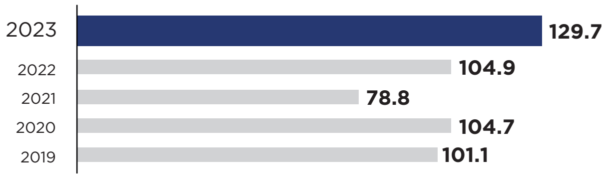
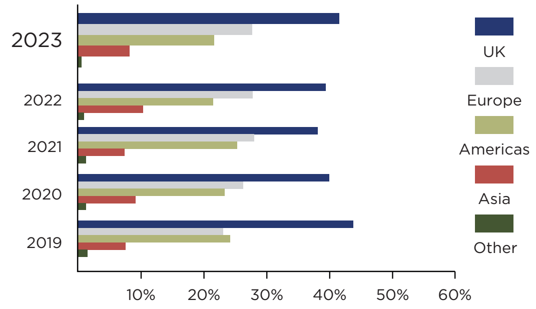
FINANCIAL HIGHLIGHTS

Total revenue

£129.7m ▲ 24%

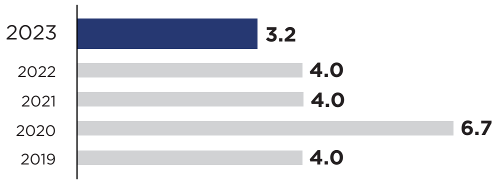


Geographical % segmentation of revenue



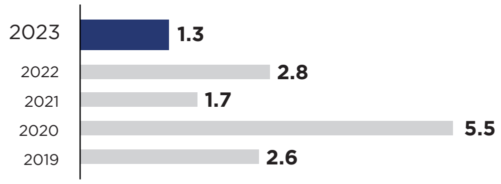
Adjusted profit before tax (1)

£3.2m ▼ 21%



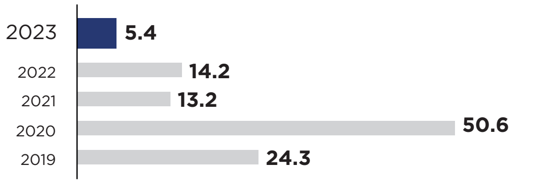
Profit before tax

£1.3m ▼ 53%



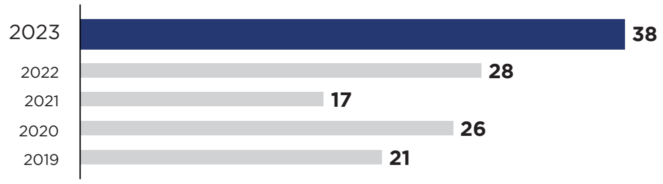
Basic and diluted EPS

5.4p ▼ 62%



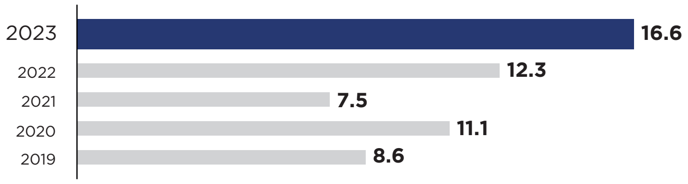
Gearing (2)

38% ▲ 10%



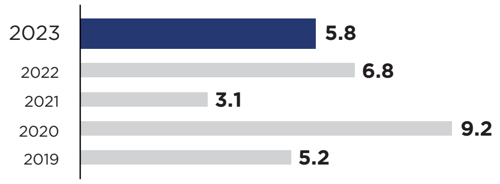
Net debt (3)

£16.6m ▲ 35%



Capital expenditure

£5.8m ▼ 15%



Non-GAAP Measures:

1 Adjusted profit before tax equates to profit before tax excluding the impact of IAS 19 and exceptional items.

2 Gearing is calculated as the proportion of net debt to Total Shareholders' Equity, excluding the IAS19 Pension deficit.

3 Net debt is calculated as total loans and borrowings less cash and cash equivalents. Included in net debt from 2020 are lease liabilities for right-of-use assets under IFRS 16.

FINANCIAL SUMMARY

Summary of results

All figures in £'000	2023	2022	2021 Restated*	2020	2019
Revenue	129,664	104,922	78,768	104,667	101,095
Adjusted operating profit (APM 1)[1]	4,767	4,585	4,510	7,240	4,262
Adjusted profit before tax (APM 2)[1]	3,195	4,045	4,023	6,674	3,962
Exceptional items[2]	(1,095)	(354)	(1,502)	-	-
Impact of IAS 19[3]	(787)	(914)	(802)	(1,215)	(1,386)
Profit before tax	1,313	2,777	1,719	5,459	2,576
Earnings per share	5.4p	14.2p	13.2p	50.6p	24.3p

Statement of Financial Position

All figures in £'000	2023	2022	2021 Restated*	2020	2019
Non-pension assets – excluding cash	86,754	81,568	70,780	72,084	64,871
Non-pension liabilities – excluding borrowings	(25,990)	(24,913)	(18,744)	(19,032)	(16,236)
	60,764	56,655	52,036	53,052	48,635
Net IAS 19 pension deficit (after deferred tax)	(12,105)	(9,847)	(14,933)	(7,600)	(18,798)
	48,659	46,808	37,103	45,452	29,837
Net debt	(16,594)	(12,294)	(7,502)	(11,055)	(8,561)
Equity shareholders' funds	32,065	34,514	29,601	34,397	21,276
Gearing % - before IAS 19 deficit	38%	28%	17%	26%	21%
Gearing % - after IAS 19 deficit	52%	36%	25%	32%	40%
Capital expenditure £'000	5,779	6,761	3,127	9,195	5,229

* Details of the restatement are included in note 28 to the financial statements.

1 Alternative performance measures (APMs) are defined on page 13.

2 Exceptional items are detailed in note 26 to the financial statements.

3 The IAS 19 pension adjustments are explained in detail in the Chief Executive's Review section, pages 10 to 16. The adjustment, which we refer to in these accounts as the "IAS 19 impact" represents the difference between the pension charge as calculated under IAS 19 and the cash contributions for the current service cost only as determined by the latest triennial valuation. The Directors consider that the pension charge pre IAS 19 adjustment better reflects the actual pension costs for ongoing service. This adjustment is made internally when we assess performance and is also used in the EBITDA and EPS targets used in management incentive schemes. The IAS 19 pension adjustment of £787k (2022: £914k) comprises:

All figures in £'000	Period ended 1 April 2023	Period ended 26 March 2022
Current service charge	974	1,203
Normal contributions	(532)	(656)
Interest charge	345	367
IAS 19 pension adjustment	787	914

Further details can be found on page 19 (The IAS 19 impact on profit).

CHAIRMAN'S LETTER

Dear Shareholders,

As I look back over the last year what stands out is less the circumstances, which were as challenging as ever in some quarters, but more the broad range of positive actions we have taken to reposition the Company over the period.

Our foundations for sustained growth are being strengthened in every corner, with the final result coming in ahead of revised market expectations.

I must thank all our customers for their support in the year. Even then, at times it was challenging to keep up with the inflationary environment.

The resulting impact was lessened by outperformance in Technical Fibre Products and its Hydrogen business unit. Overall, however, significant credit is due to our workforce who addressed the unfolding situation with exceptional urgency and dedication.

Adapting to circumstance always leads to change and accordingly within the year we have comprehensively reviewed our growth plans and the foundations required to ensure we maximise opportunities and minimise risks as these roll forwards.

This has enabled us to bring to life our strategy in realigning the business to be centred around our customers.

Our products and markets will remain broadly the same, but we will start the journey to reposition ourselves operating as one company. To move from three separate divisions (James Cropper Paper, Technical Fibre Products and Colourform™) into four market-facing segments, all unified under the Group name, James Cropper.

Creative Papers
Luxury Packaging
Technical Fibres
Future Energy

My greatest desire for James Cropper is that while we remain proud of our great heritage, we always feel young, and achieve this balance by seamlessly combining generations of know-how with a relentless appetite for renewal. The reorganisation truly encapsulates this blend from our historic roots in papermaking to cutting edge materials and components in renewable energy.

Importantly, across this range it is no longer accurate to refer to us as a paper-mill or paper business, as has been the norm since our outset in 1845. Today, James Cropper is successfully transitioning to an advanced materials and paper products group across everything it does, committed to pioneering innovation in traditional markets alongside breakthrough areas.

We are determined to stay modern and relevant, which will lead us to spend more over the coming years as we invest in our processes and systems. This will enable smarter access to data, leaner working practices and cost savings.

MY GREATEST DESIRE FOR JAMES CROPPER IS THAT WHILE WE REMAIN PROUD OF OUR GREAT HERITAGE, WE ALWAYS FEEL YOUNG, AND ACHIEVE THIS BALANCE BY SEAMLESSLY COMBINING GENERATIONS OF KNOW-HOW WITH A RELENTLESS APPETITE FOR RENEWAL.

Mark Cropper, Chairman

In the same vein, we will also look to invest further in innovation to meet the anticipated demands of future markets and customers, whether technical, environmental or economic.

We have ambitious plans to decarbonise the Group's operations, the first phase will be to cut natural gas use by 25% by 2025, keeping us on track to achieve net zero across our entire supply chain by 2050. This includes novel approaches to heat generation that we hope can blaze the way for other energy intensive manufacturers.

We are also investing to enhance our position in hydrogen electrolysis, fuel cells, carbon capture and other fast growing markets. The growth potential is significant, but we will only earn a share through step changes in performance and cost reduction. This will involve both technology advances and operational investments. For example we have recently commissioned a hydrogen component line in the United States, taking production closer to a large share of our customer base whilst at the same time cutting freight and duty costs.

Our paper and packaging partnerships within luxury and premium retail sectors remain strong, whether designing new tailor-made papers or Colourform™ products or offering customers more sustainable options and recycled fibres. On this note, we are proud to have been involved in the recent creation of the first-ever 100% plastic-free remembrance poppy for the British Legion, whom we have proudly partnered with since 1978.

We have also launched our FibreBlend Upcycled Technology programme, offering a choice of different recovered fibre categories. This builds on our award-winning CupCycling proposition which gives used coffee cups a second life as a valuable fibre source for high quality paper. At present, over 75% of our custom-made paper products contain a blended fibre source. Our plans in this area include developing a unique technique to separate cotton, recyclable into paper, from artificial fibres.

Dividend

In financial terms, the Group reported a profit before tax of £1.3m for the period ended 1 April 2023. This was down by 53% versus the prior period with the Group revenue rising by 24% split between Paper (+25%), Colourform™ (+29%) and Technical Fibre Products (+19%).

In line with expectations, the Board is recommending a final dividend of 4.0 pence per share, making a total dividend for the year of 6.0 pence per share.

Board changes

This year has seen several changes to our leadership team. In August 2022, Steve Adams was appointed CEO, following the departure of Phil Wild.

Since the year end, we have also seen the departure of Isabelle Maddock, our CFO, who resigned in June 2023. I would like to personally thank both Phil and Isabelle for their dedicated service to James Cropper.

Transitioning to a brighter future

As ever, James Cropper continues to earn its future by building a diversified business across multiple markets and geographies and by adapting with pace when required. I am very conscious that this has included the hard choice to restructure our paper division from four machines to three with associated headcount reductions.

The decision was not taken lightly but has been essential to address years of headwinds and margin pressures and create a more resilient, profitable business.

Overall, we are blessed with a talented team and a range of materials and products that have never been more relevant in a world that rapidly needs to learn to live in greater balance with nature. Common to all our activities is the opportunity to accelerate the transition to greener economies and societies, and grow a vibrant group around this. I am hopeful these actions will position us better than ever to truly deliver on this.

Everyone in the Company is playing a part in this journey and I would like to thank all who work for us and with us for their continued commitment to James Cropper.

Mark Cropper
Chairman
23 August 2023

CHIEF EXECUTIVE'S REVIEW

I am delighted to report our financial results in my first year as CEO. Despite a year of unprecedented economic turbulence and market volatility with high energy and raw material costs still being prevalent, we have continued to show resilience.

All parts of our business responded with conviction and pace to implement actions to offset as much of the cost headwinds as possible. The Group also experienced strong demand and retained contracts throughout the period across all divisions, with 24% revenue growth in the year to 1 April 2023, which is ahead of previous market expectations.

I wish to express my sincerest thanks to all our customers for their continued loyalty and support and to our employees who have remained focused on delivering the best outcome possible.

Over this last year, we have made significant progress in our journey to reposition James Cropper to an advanced materials and paper products group.

We have defined and introduced our six strategic priorities, building a solid foundation to drive a strategy for accelerated growth.

Our customer base is changing and we are putting the right measures in place to improve both the customer and employee experience and to truly deliver on our purpose of 'pioneering materials to safeguard our future'.

We have strengthened our commercial leadership teams to expand in markets that we currently already operate in, whilst being constantly curious to explore new opportunities. We are also in the process of further strengthening our executive leadership team with the skills and knowledge to support our ambitious growth plans.

The fast-growing renewable energy and decarbonisation markets are creating an ever-greater need for novel and high-performance materials, while sustainable fibres, and low, or zero, carbon processing are driving growth within paper and packaging.

After 12 months of planning, I am also pleased to share that the installation of our new energy-efficient boiler has taken place. This will dramatically improve our energy efficiency and resilience as we drive forward with our net zero carbon ambition.

These energy saving investments in upgrades to our paper machines, along with a small decrease in gross paper production over the last 12 months, have contributed to an 8% annualised reduction in site fuel consumption. We are on track to build our Low Carbon Energy Centre with the necessary planning application attained and grant application awarded.

A STRATEGY FOR ACCELERATED GROWTH:

1. **Profitable growth through new customer acquisition** Opportunities to expand in new and existing markets.
2. **World class execution** Investment in global systems and functions.
3. **Technology and Innovation** Centre for Innovation will include decarbonisation and waste fibres as well as exploring new ideas.
4. **Leaders in sustainability** Recognising our responsibility to reduce and ultimately eliminate our emissions.
5. **Inspiring our people** Building a culture of trust, cooperation and involvement.
6. **Build the brand** Presenting a more meaningful and relevant face to our increasingly global customer base.

Financial Review

Revenue and adjusted operating profit

Group revenue for the financial period is £129.7m, up 24% on the prior period (2022: £104.9m) driven by organic volume growth, price increases and the energy surcharge applied to counter energy and raw material cost increases.

Revenue for the Paper division increased by 25% in the period to £88.2m generating an adjusted operating loss of £2.8m, compared to £2.3m in the prior period.

Revenue for the TFP division increased by 19% in the period to £37.2m generating an adjusted operating profit of £9.2m, compared to £8.7m in the prior period.

Revenue for Colourform™ grew by 29% in the period to £4.3m, generating an adjusted operating loss of £1.1m, compared to £0.8m in the prior period.

Summary table of results

		2023 £'000	2022 £'000	Change %
Group Revenue		129,664	104,922	24%
Adjusted EBITDA	APM4	9,045	8,636	5%
Profit summary				
Paper Products		(2,847)	(2,338)	22%
Technical Fibre Products (TFP)		9,244	8,684	6%
Colourform™		(1,057)	(754)	40%
Other Group expenses		(573)	(1,007)	-43%
Adjusted operating profit	APM1	4,767	4,585	4%
Fair value movement on derivatives		(330)	-	0%
Net finance costs (excluding exceptional items and IAS 19 impact)		(1,242)	(540)	130%
Adjusted profit before tax	APM2	3,195	4,045	-21%
Exceptional costs		(986)	(354)	179%
Exceptional finance costs		(109)	-	0%
Adjusted profit before tax after exceptional items	APM3	2,100	3,691	-43%
Net IAS 19 pension adjustments				
Net current service charge required		(442)	(547)	-19%
Net interest		(345)	(367)	-6%
Net IAS 19 pension impact		(787)	(914)	-14%
Profit before tax		**1,313**	**2,777**	**-53%**

The full Statement of Comprehensive Income is on page 77.

The Group monitors adjusted EBITDA as it provides a measure of the cash generating ability of the Group that is comparable year-on-year. Despite demand increasing, inflationary pressures on raw materials, distribution and energy costs have dampened margins, with an adjusted EBITDA increasing by 5% on the prior year.

Energy costs proved a significant headwind and the unprecedented price rises saw costs increase 104% year-on-year, from £7.4m in FY2022 to £15.2m in FY2023.

Similarly, with inflationary pressures in the pulp, recycled pulp, chemicals and dyes markets, material costs increased 23% year-on-year. During the year, the Group also paid a one-off cost of living payment to employees totalling £0.6m in recognition of the escalating costs that employees were facing.

Depreciation and amortisation charges increased by 6% year-on-year, mainly due to the timings of capital investment programmes.

Divisional highlights

While operating under the Group's combined Purpose and Values, currently each business division acts independently, focusing on niche markets and growth areas:

Technical Fibre Products

Within **Technical Fibre Products** demand remains strong with contracts returning to pre-Covid levels in aerospace, defence and the industrial sectors.

TFP Hydrogen continues to exceed our expectations and our new coating line within our Schenectady, New York hub, became operational, building on our successful UK Hydrogen plant in Launceston and bringing capability even closer to our US customers.

This significant investment will provide a more attractive offer to our existing and potential customers across North America, as well as providing a blueprint for future James Cropper hydrogen coating lines worldwide, supporting the electrolyser manufacturing hubs being established globally as the technology adoption accelerates.

James Cropper Paper

Within the Paper division, demand in many of our traditional volume areas such as files and folders, commercial print and stationery papers has declined as those sectors continued to move away from paper to digital or they prove to no longer be economically viable.

We are taking this opportunity to right-size our business, streamlining our portfolio and service offer to be much more aligned on high value partnerships. In particular, we are focussing our offer on luxury packaging and premium creative papers where our customers really value our innovation, expertise and quality.

This year the Embossing Centre of Excellence was opened. The installation of an embosser varnisher includes smart eye production technology for precision-made textured paper.

This multi-million pound investment will allow James Cropper to meet growing demand for surface aesthetics in luxury packaging and creative papers, as well as best in class service for bespoke textural effects alongside the development of individual colour.

Colourform™

Colourform™ continues to disrupt the luxury packaging market, maintaining a strong pipeline of sales with 29% revenue growth throughout the year. This was driven by innovative new market launches in the luxury drinks and cosmetics sectors.

We celebrated the overall category winners for the Dieline award as well as both the Yellow and Wood pencil D&AD awards. Receiving international acclaim for our creativity and sustainability in a way that no other product in the global packaging market has ever been able to achieve.

Overall, while margins were strong, profits were impacted by inflationary pressures in raw materials and energy prices. Moving forward, the division is expected to drive ongoing revenue growth in profitable long-term packaging rebrands, coupled with an improved focus on operational performance to increase margins and manage costs. The integration of Colourform™ into James Cropper Luxury Packaging will create greater synergies, build better efficiencies in our operating model as well as increase relevance and scale in key markets.

Expenses and profit

Other expenses have increased from £20,960k in 2022 to £25,471k in the year to 1 April 2023. The business has experienced widespread cost inflation across an array of overhead expenditure, with distribution costs and consultancy expenses increasing materially.

In the first half of the year the Paper division suffered considerable machine downtime, which resulted in a significant increase in repairs and maintenance expenditure in the year.

TFP Hydrogen continued to perform above management expectations in the year to April 2023. Business outlook continues to improve and at the year end this required the value of the contingent consideration on the business acquisition to be reassessed. An exceptional cost of £1,095k (2022: £354k) has been posted to the Statement of Comprehensive Income in this regard.

Management considers this adjustment a positive indication on the future value of the business and the profit that TFP Hydrogen will deliver.

With strong revenue growth, adjusted operating profit (see APM1 Alternative Performance Measures) was £4,767k in the year, up 4% on prior period, despite the challenging economic environment, which saw unprecedented raw material and energy prices.

Net finance costs have increased by £702k in the year, as the Group has continued to draw down on its external borrowing facilities and interest rates have increased notably.

The Group has hedged the first £15m drawn down of the external financing across UKEF and Commercial Facility at a rate of 1.5% plus margin, which provides assurances and visibility over future interest payments and limits exposure to increasing interest rates.

Adjusted profit before tax (see APM 2 Alternative Performance Measures) was £3,195k in the year and ahead of market expectations, partly due to stronger trading in TFP and the accounting adjustments of provisions relating to TFP.

After the impact of IAS 19 the Group reports a profit before tax of £1,313k, a 53% decrease on prior year (2022: £2,777k) due to an increase in net finance costs and exceptional costs.

The Group's profit after tax for the period is £516k (2022: £1,358k) which calculates to earnings per share of 5.4p (2022: 14.2p).

Alternative performance measures

These accounts contain two main adjusting factors being the impact of IAS 19 pension adjustments which is separated out and exceptional items. These APM measures are used internally to evaluate business performance and are used in this report;

APM 1 **"Adjusted operating profit"**
Adjusted operating profit refers to operating profit before interest and prior to the impact of IAS 19 and exceptional items.

APM2 **"Adjusted profit before tax"**
Adjusted profit before tax refers to profit before tax prior to the impact of IAS 19 and exceptional items.

APM3 **"Adjusted profit before tax after exceptional items"**
Adjusted profit before tax refers to profit before tax prior to the impact of IAS 19.

APM4 **Adjusted EBITDA**
EBITDA is a common term that refers to operating profit before interest, tax, depreciation and amortisation. Adjusted EBITDA is EBITDA prior to the impact of IAS 19 and exceptional items. The impact of IAS 19 and exceptional items are presented in the summary tables of results.

IAS 19 pension adjustment is separated out from operating profit measures as the impact of IAS 19 varies from one reporting period to another which makes year-on-year comparison of performance challenging. Over the last 12 years, the average impact is a negative hit to profit before tax of £1,052k. This year the charge is £787k (2022: charge of £914k).

Currency

	US$	€
Opening Rate v. £	1.3165	1.1998
Closing Rate v. £	1.2333	1.1370
£ weakened against currency (%)	(6.32%)	(5.23%)

This table compares the opening and closing exchange rates for the financial period. Sterling weakened against the Dollar and Euro over the year. 59% of the Group's revenue is for customers outside of the UK (2022: 61%) bringing in Dollars and Euros to the Group. Euros are used to purchase Euro priced pulp and raw materials and Dollar receipts are used to fund the purchase of Dollar priced pulp, creating a natural hedge across the Group. Potential exposure to any foreign currency surpluses, or deficits, are dealt with via foreign currency trades using forward selling or forward purchasing contracts. Currency movements had a 3% impact on revenue increasing revenues by £3,884k for the period.

Statement of financial position (SFP)

Non-pension assets have increased largely due to capital expenditure, an increase in trade debtors and the recognition of the interest rate cap in other financial assets.

Capital investment in the period was £5,779k (2022: £6,761k). Investments are driven largely to enable growth in the form of increasing capacity, improving capability or generating cost savings. We have concluded the build of additional embossing varnishing capability in the Paper division and new energy technologies have been introduced in Paper to facilitate the path towards the Group's net zero goals.

The Group experienced a greater level of revenue in the period compared to the prior period, and, inevitably with this, an increase within trade and other receivables of £2,857k and inventory of £711k.

After deferred tax the Net IAS 19 deficit has increased by £2,258k to £12,105k (2022: £9,847k), the reasons for which are detailed in the Pension Report on page 18.

As a result of these movements on the pension scheme deficits, shareholders' funds show an overall decrease of £2,449k to £32,065k.

SFP All figures in £'000	2023	2022 Restated*
Non-pension assets - excluding cash	86,754	81,568
Non-pension liabilities - excluding borrowings	(25,990)	(24,913)
	60,764	56,655
Net IAS 19 pension deficit (after deferred tax)	(12,105)	(9,847)
	48,659	46,808
Net debt	(16,594)	(12,294)
Equity shareholders' funds	32,065	34,514
Gearing % - before IAS 19 deficit	38%	28%
Gearing % - after IAS 19 deficit	52%	36%
Capital expenditure £'000	5,779	6,761

Cash Flow All figures in £'000	2023	2022 Restated*
Net cash inflow from operating activities	5,550	4,029
Net cash outflow from investing activities	(6,643)	(6,598)
	(1,093)	(2,569)
Net cash inflow from financing activities	622	3,436
Net (decrease) / increase in cash and cash equivalents	(471)	867
Effects of exchange rate fluctuations on cash held	400	118
Net (decrease) / increase in cash and cash equivalents	(71)	985
Opening cash and cash equivalents	7,750	6,765
Closing cash and cash equivalents	7,679	7,750

In the period the Group's net cash outflow was £71k (2022: inflow £985k).

The Group continued to invest in capital expenditure throughout the year in order to facilitate future revenue growth by building capacity and capability.

There was also an increased demand for working capital following the improved demand in the year.

* Details of the restatements are included in note 28 to the financial statements.

Net debt

The Group incorporates £3,791k (2022: £3,949k) of right-of-use leases in its 2023 borrowings figure. The Group's banking arrangements monitor net debt excluding IFRS 16.

On this basis net debt has increased over the year from £8,345k to £12,803k, an increase of £4,458k. Net debt including right-of-use lease liabilities is £16,594k, an increase of £4,300k on the prior period.

Net debt before RoU leases All figures in £'000	2023	2022 Restated*
Cash and cash equivalents	7,679	7,750
All borrowings excluding RoU leases	(20,482)	(16,095)
Net debt on an equivalent comparison basis	**(12,803)**	(8,345)

Funding and facilities

The Group funds its operations and investments from operating cash flow and from borrowings and leases. The Group has a core banking facility in the UK and further loan support in the US, along with some lease arrangements, all with high street banks. The Group has a core £25m banking facility under UKEF's Export Development Guarantee scheme which is aimed at enabling additional bank liquidity to support exporters.

This finance arrangement is available for general corporate purposes and will be used to support strategic growth and innovation, capital expenditure and decarbonisation programmes. The facility has an availability period of a further two years and an overall tenure of eight years from inception, repayments are on a straight line basis from years 4 to 8. The Group's key financial covenants are EBITDA: net Interest 4x, and the Net Debt: EBITDA 3.5x. The Group is in compliance with all its banking covenants at the period end.

Cash and cash equivalents decreased marginally from £7,750k to £7,679k in the year. Long term borrowings (falling due after more than a year) increased by £4,066k to £22,515k. The expiry profile of existing borrowings is detailed in note 19.3 to the financial statements. Facilities comprise of unused overdraft facilities of £3,500k plus the total unused credit facilities of £12,000k, this means a total of £15,500k remains unutilised at the year-end date. Having taken account of current borrowings to be paid within 12 months of the reporting period the Group has £21,421k available to the Group beyond 12 months.

Funding All figures in £'000	2023	2022 Restated*
Facilities	39,773	40,544
Less: Undrawn facilities	(15,500)	(20,500)
Total Borrowings	24,273	20,044
Less: Cash and cash equivalents	(7,679)	(7,750)
Net debt	16,594	12,294
Cash and cash equivalents	7,679	7,750
Undrawn facilities	15,500	20,500
Funds available at year end	23,179	28,250
Borrowings: repayable within one year	(1,758)	(1,595)
Funds available at year end	21,421	26,655

* Details of the restatements are included in note 28 to the financial statements.

Inspiring our people

We recognise that it is the passionate, committed and talented people we employ that will help us navigate through the business changes and opportunities we have before us to deliver long term sustainable business growth.

Our online employee opinion survey is in its second year and saw a marked increase in employee participation as well as increased engagement.

Whilst this is pleasing to see, we will work even harder to deliver an improved proposition for our employees with continued focus on upgrading our policies, updating our working practices and reviewing our remuneration and career opportunities for all.

We have concluded the first year of our LEAP leadership development programme with 50 leaders - from first line leaders to Executive Committee members - having benefited from the course.

A further cohort of approximately 40 employees will be invited to participate in the coming year.

We have committed to invest in creating a great place to work and will continue with our pledge across all our sites to improve the workplace environment, providing more facilities and amenities for our employees.

Over the next three years it is our intention to invest in a multi-million pound programme to update our IT systems and infrastructure. This will drive significant efficiency and productivity improvements as well as improving resilience. The investment will equip our teams to make smarter, data driven decisions and improve our response times and agility in dealing with our customers.

Looking forward with confidence

I am excited by the many opportunities we have in front of us as a Company but certainly do not underestimate the external challenges that we continue to face.

I have confidence in our strategy to accelerate growth and in our exceptional team worldwide to make a real difference.

We will create a greater global presence for James Cropper, by repositioning ourselves to better serve our existing and target customers.

We will also drive increased value for our shareholders through accelerated growth in each of our market focused segments; Creative Papers, Luxury Packaging, Technical Fibres and Future Energy by leveraging our potential as one Company under the James Cropper name.

Building on our foundations, we aim to redefine ourselves and become – what we believe – will be a different organisation with a very bright future.

Steve Adams
Chief Executive Officer
23 August 2023

THE PENSION REPORT

The Group operates two funded pension schemes providing defined benefits for a number of its employees; the James Cropper PLC Pension Scheme (the "Staff Scheme") and the James Cropper PLC Works Pension Plan (the "Works Scheme").

The Statement of Financial Position IAS 19 deficit

The combined pension scheme deficits on an IAS 19 measure has worsened over the year from £13.1m to £16.1m (before deferred tax). This table shows the overall value of the schemes' assets which have decreased by 33% in the period whilst the schemes liabilities decreased by 27%.

IAS 19 pension valuation 2022	Staff Scheme	Works Scheme	Both Schemes 2023	Both Schemes 2022 Restated*	Change %
Discount Rate	4.85%	4.90%	4.88%	2.75%	
	£'000	£'000	£'000	£'000	
Assets	34,557	38,608	73,165	109,909	(33%)
Liabilities	(36,701)	(52,604)	(89,305)	(121,651)	(27%)
Deficit	(2,144)	(13,996)	(16,140)	(11,742)	
Effect of limit on recoverable surplus	-	-	-	(1,388)	
Net Deficit	(2,144)	(13,996)	(16,140)	(13,130)	23%
Funding Level - %	94%	73%	82%	90%	(8%)

* Details of the restatements are included in note 28 to the financial statements.

A significant increase in corporate bond yields over the year, combined with a reduction in long-term inflationary expectations, has led to a material reduction in the scheme's liabilities.

However, the scheme's assets have also significantly decreased due to lower-than-expected returns. Overall, the reduction in assets exceeded the reduction in liabilities, leading to a combined increase in the scheme's deficit.

In line with previous years, the IAS 19 valuation includes a correction for sex-inequalities inherent in Guaranteed Minimum Pensions (GMPs), along with the estimated cost of equalising GMPs for past transfer value payments.

The "true" cost of GMP equalisation will take a few years to fully evaluate, however the Company would expect any variances compared to the original estimates would flow through the Other Comprehensive Income (OCI) statement.

A full retirement benefit disclosure is provided in note 20 to the financial statements.

IAS 19 assumptions

The bi-annual IAS 19 valuations are adopted for statutory reporting purposes and do not form part of the ongoing management of the pension schemes.

The standard requires the Group's actuaries to make a number of assumptions on a very different basis to the ongoing valuations and under IAS 19 the deficit is likely to be volatile and can be very different between different reporting periods.

Discount rates for IAS 19 are based on corporate bond yields which do not reflect the investment strategy of the schemes.

The actuarial gains and losses arising from variances against previous actuarial assumptions are passed through to the Statement of Financial Position with corresponding movements in reserves.

Actuarial changes in previous assumptions will pass through OCI.

The IAS 19 impact on profit

The Group's total reported profit before tax is impacted by the adjustments required for IAS 19, and these adjustments fall within operating costs and finance costs. The total charge against profit for the year end 1 April 2023 includes an adjustment of £787k (2022: £914k) to bring the cost in line with IAS 19.

Operating costs

The cost of providing pension benefits is included within "employee benefit costs" in the Statement of Comprehensive Income.

These costs include; the costs for the defined contribution schemes, personal pension plans, defined benefit schemes, life assurance and government pension protection levies.

These costs also include an excess charge of £442k (2022: £547k) determined by IAS 19 based on assumptions at the start of the period and which is over and above the future service contributions for the defined benefit schemes. These additional costs are;

- Current service charge, being the cost of benefits earned in the current period shown net of employees' contributions.
- Past service costs, being the costs of benefit changes.
- Curtailment and settlement costs.
- Any government pension protection levies paid over the period.

Finance costs

Finance costs which affect profit, consist of the net of:

- Interest income on pension scheme assets; and
- Interest cost on the accrued pension scheme liabilities.

The income from scheme assets and cost on the accrued liabilities allowed for in the net interest cost is based on the discount rate at the start of the period, this impacts the costs shown in the statement of comprehensive income. A charge of £345k is charged to the statement of comprehensive income this period (2022: £367k).

The retirement benefits note to the financial statements can be found on pages 110 to 113.

Defined benefit schemes the triennial "ongoing" valuation

The Company recognises its responsibility to fund its defined benefit pension plan deficits and adopts the triennial valuations as the key basis upon which pensions are managed.

The ongoing triennial valuations are an important part of aligning the latest position enroute to the longer-term target which ensures that when pension payments peak the Company has made sure that these payments can be satisfied at the peak and into future years with a low reliance on support from the Company.

UK legislation requires the Scheme Trustee to carry out actuarial funding valuations at least every three years and to target full funding over an appropriate time period, taking into account the current circumstances of the Group schemes, and the current circumstances of the Group.

The most recent funding valuations were carried out at April 2022 and determined the combined deficit of the schemes to be £16.6m.

This compares to the previous triennial valuation of April 2019 when the combined triennial deficit was £19.9m.

The April 2022 triennial "ongoing" valuations	Staff Scheme £'000	Works Scheme £'000	Total £'000
Discount Rate	2.75%	2.75%	2.75%
Assets	48,846	59,226	108,072
Liabilities	(48,277)	(76,378)	(124,655)
Surplus / (deficit)	569	(17,152)	(16,583)
Funding Level - %	101%	78%	87%

The defined benefit schemes are sensitive to a number of key factors: the value of the assets, the discount rate used to calculate the schemes liabilities (based on a premium above gilt yields), the expected rate of inflation in the future and the mortality assumptions for members of the schemes. Changes in these assumptions will impact the deficit positively or negatively.

The increase in discount rates from 2.5% in April 2019 to 2.75% in April 2022, together with a reduction in life expectancies as a result of a review of future mortality improvements, acted to reduce liabilities. However, this reduction was offset in part by an increase in future inflation expectations over the period.

As part of the triennial valuation, the Company agreed with the Trustee to pay annual deficit contributions of £1.3m per annum. In addition, the Company will also continue to cover the cost of the annual PPF levy.

Key risks relating to the pension schemes

The Company is exposed to a number of risks relating to the pension schemes, including investment risks, demographic risks and inflation risks for those benefits linked to inflation.

Most of the economic risks are hedged by the schemes' liability driven investment strategies, which brings some protection however it is not practical or cost effective to hedge all pension scheme risks.

Risk management activity over the years has comprised of the following;

- The Schemes were closed to new members in the year 2000 in order to contain the Group's exposure to rising pension costs and to safeguard the accrued benefits to existing members.
- Future annual increases in pensionable pay were capped at a maximum of 2% from 1 April 2011, and starting in April 2014 employee contributions were increased.
- From 1 July 2017 the staff scheme rate of pensionable accrual was reduced from 1/60th to 1/75th for each future year of pensionable service.
- For both the staff and the works scheme increases in pension once it is in payment, for future benefits accrued, will be in line with the annual increase in the Consumer Price Index, these actions protect the Group's exposure to future costs.
- In April 2018 a new liability driven investment strategy was adopted which aims to significantly reduce risk whilst maintaining a similar level of overall return and protecting asset values.

RISK MANAGEMENT

Risk Management

The Board has overall responsibility for the determination of risk appetite, plus ensuring appropriate risk management and fostering of the Company's risk culture which are all aspects of effective governance and achieving robust decision making in delivering the Group's strategy.

The Board coordinates activity across the Group ensuring risk management remains relevant to each business and the Group as a whole, and that it is responsive to changing business conditions.

The Group manages risk by a combination of self-insurance and third-party insurance. Self-insurance is rooted in practical mitigation through actions taken internally or in conjunction with other third parties that serve to both reduce the likelihood and impact of the risk occurrence.

Higher risks in financial and operational areas are normally more dependent on third party insurance. Risks in commercial and personnel areas, because of their nature, are more likely to be managed by self-insurance.

The Executive Committee is responsible for designing the risk management framework and controls, ensuring that they are effectively deployed throughout the Company and have the appropriate level of resource focused on management and mitigation activities.

When assessing risk both external (legal, regulatory, environmental, social and governance) and internal factors are taken into consideration.

The Executive Committee formally reviews the risk register twice per year and, correspondingly a Board risk review is also held twice per year.

The divisional and functional management teams, in turn, have the responsibility for identifying, managing and escalating risks as part of their execution of the strategic plan.

Principal Risks

The principal risks that may adversely impact the performance of the Group are set out in the following pages, along with the mitigating actions taken to address these. Each risk should be considered independently.

Other factors could adversely affect Group performance and so the risks and uncertainties tabled should not be considered a complete set of potential risks, this report only addresses the Group's most significant risks.

Principal risks are frequently reviewed by the Board and may change based on its assessment of the macro and micro landscape, both internal and external.

On that basis, Pandemic was de-prioritised during the year. Additionally, Water Abstraction and Flood are now considered to be within the scope of our climate related risk assessment and do not constitute principal risks at this time.

However, Pulp Price Volatility was augmented by other raw material categories and elevated to the principal risk of Security of Supply.

Employee Health & Safety, Attraction & Retention of Key Skills and Corporate & Regulatory Compliance were also elevated to principal, following Board review.

Emerging Risks

The emerging risk horizon is scanned by the functions and the businesses who will take the lead in identifying and promoting risk awareness, adopting mitigation activities or escalation.

Climate related risks and opportunities

The Group continues to progress the definition and assessment of its climate related risks and opportunities. Due to the longer term and emerging nature of climate related risks it has not been considered a principal risk in its own right at this time.

However, there are clear links to existing principal risks such as Net Zero Emissions, Security of Supply and Energy Price Volatility.

As such, climate related risks and opportunities now form part of the ESG sub-committee agenda and the Company will further strengthen its commitment to reporting with the creation and appointment of a dedicated ESG manager role in the coming year, reporting to the newly created role of General Counsel & Company Secretary.

PRINCIPLE RISK	LINK TO STRATEGY						PRE MITIGATION RISK	POST MITIGATION RISK
	Profitable Growth	World Class Execution	Inspiring Our People	Technology & Innovation	Leaders in Sustainability	Build the Brand		
Employee Health & Safety	✓	✓	✓			✓	High	Moderate
Attraction & Retention of Key Skills & Talent	✓		✓			✓	Moderate	Low
Fire		✓					High	Moderate
Net Zero Emissions			✓	✓	✓	✓	High	Moderate
Pension			✓				Very High	High
Network & Systems Security		✓		✓		✓	Very High	Moderate
Security of Supply	✓	✓			✓		High	Moderate
Energy Price Volatility	✓				✓		Moderate	Low
Corporate & Regulatory Compliance		✓	✓			✓	Moderate	Low

EMPLOYEE HEALTH & SAFETY

COMMERCIAL
OPERATIONAL
REPUTATIONAL

No Change —

Risk description and Impact

Given the nature of our manufacturing facilities, the risk of injury or accident is ever present and the Group is subject to legislative and regulatory requirements to protect people on our sites. An accident or injury can cause significant distress and impact on wellbeing as well as causing significant disruption and exposure to cost and penalties. Damage can also be caused to the Group's reputation.

Mitigation

Providing a safe working environment across all of our sites as well as for those travelling on Group business, free from the risk of mental and physical injury, is of utmost priority. The Group adopts behaviour-based safety policies and procedures to manage its operations and protect its employees, contractors and visitors to its sites. It operates a safety hierarchy throughout the Group from Safety Action Teams to Central Safety Strategy Committee. The Group actively reviews its lagging metrics and is increasingly focused on leading metrics and preventative measures. We have enlisted the support of external experts to provide advice on improving our safety culture and have driven a number of initiatives on housekeeping and forklift truck safety. Moving forward, the Group will bolster its Health & Safety structure with the appointment of a senior Health & Safety manager role reporting to the CEO.

Actions: ACTION

Continue to assess site risk environment and update policies and procedures to strive towards an accident-free site.

ATTRACTION & RETENTION OF KEY SKILLS AND TALENT

COMMERCIAL
OPERATIONAL

Increased ▲

Risk description and Impact

Our ability to deliver our accelerated growth strategy relies heavily on the knowledge, skills, experience and capability of our people. The nature of our manufacturing operations and technologies combined with the customers and markets we serve means we need highly skilled engineers, scientists, operators and businesspeople. Our ability to attract and retain this talent is influenced by business purpose and reputation, pay and benefits, working environment, location, culture, ability to offer flexible working, changing demographics and local employment levels.

Mitigation

Our people policies and practices are being reviewed and upgraded. Our recruitment and evaluation process has been upgraded to reduce reliance on external agencies and shorten lead times. We believe culture is created through leadership and this is how we will develop the right environment - a culture of trust, cooperation, and involvement. We are unleashing the talent within our organisation, developing leaders at all levels through LEAP our James Cropper Leadership Development Programme.

Our goal is to 'home grow' our talent where possible and have a strong and healthy 'talent pipeline', ensuring we invest in the next generation of James Cropper custodians. 'Everyone Engaged' is an essential part of our Growth strategy. Creating an employee experience and workplace where people want to be and are proud to work, where people feel rewarded and recognised for the contribution they make to our success.

We have committed investment in upgrading our facilities including improved canteen facilities, washrooms and an employee fitness centre. Moving forward we will also complete a review of our job grading and remuneration practices and working arrangements. We seek feedback through our employee engagement surveys and pulse checks which have shown increased engagement and participation rate year-on-year.

Actions: ACTION

Continue to review and improve our employment value proposition with specific focus on reward, working environment and working practices. Further develop our talent and succession planning process across our leadership population.

FIRE

COMMERCIAL
OPERATIONAL

No Change —

Risk description and Impact

A major fire on site could cause significant damage to the infrastructure of the business and cause significant business interruption.

Mitigation

Risk is mitigated by robust fire detection systems including sprinkler systems in the high-risk areas and site wide fire alarm system that has been recently upgraded. The Group has around 60 fire marshals deployed around the sites and regular housekeeping audits are conducted in high-risk areas. The sites are insured for fire damage and BI cover.

Actions: MONITOR

Continue to monitor current fire risk environment.

NET ZERO EMISSIONS

ENVIRONMENTAL
FINANCIAL
REPUTATIONAL

No Change —

Risk description and Impact

The Group has a goal of net zero emissions for scope 1 and 2 by 2030. Achieving this goal is dependent on significant investment in technologies and solutions to drive energy efficiency and facilitate the move to green energy sources. Failure to achieve this goal would result in potentially higher cost penalties through carbon taxation, reputational impact on our ESG and brand positioning and compromise our ability to attract new business.

Mitigation

The Group is investing in upgrades to its paper machines that have driven fuel efficiency improvements of 7%-9% on an annualised basis. The Group is further investing in pioneering technology, as part of a funded scheme, which will facilitate the conversion from gas/oil to green electricity usage for paper machines in advance of our 2030 ambition.

Actions: ACTION

Continue with construction of our decarbonisation facility in a purpose built energy centre on site.

PENSION

FINANCIAL

Increased ▲

Risk description and Impact

The pension deficits for the two defined benefit schemes do not reduce in line with agreed plans with the actuary, or continue to increase, dependent on discount rates, inflation, mortality assumptions and investment strategies.

Mitigation

Monitor pension investment strategy with the trustees, taking into account gilt yields, inflation and hedging arrangements. Also consider additional solutions to ensure the deficit is reduced year-on-year. Add strength to our pension team through contracting with a pension lawyer. Maintain formal reporting structure to hold the Trustee to account over investment performance.

Actions: ACTION

Agree deficit reduction mechanism, to include additional contingent payments as and when the Group deems it is in a position to pay them. New General Counsel and CFOO to join internal pension sub-committee on appointment.

SECURITY OF SUPPLY

COMMERCIAL
FINANCIAL
OPERATIONAL

No Change —

Risk description and Impact

Disruption to access of critical raw materials due to shortages, logistical challenges or market forces leading to insufficient volumes being available to support production operations or escalating costs could lead to loss of business and penalties.

Mitigation

The Group has identified and continues to manage strategic suppliers through supply agreements and contracts. Dual sourcing of critical raw materials is applied in most cases and the adoption of hedging strategy to minimise/manage costs. The Paper business continues to drive the identification and use of waste fibre streams to replace virgin fibre in its goal to achieve 50% use of recycled fibre as a proportion of overall fibre usage. Compliance to Sourcing Standards is monitored and maintained throughout.

Actions: ACTION

Secure multiple sources of supply for critical supplies. Increase agility in applying surcharge mechanisms where required to offset cost escalation.

NETWORK & SYSTEMS SECURITY

ENVIRONMENTAL
FINANCIAL
REPUTATIONAL

No Change —

Risk description and Impact

A targeted cyber-attack could result in significant loss, manipulation or destruction of critical information and operational capability, severely disrupting business operations.

Mitigation

The Group continues to evolve its cyber security posture to provide a robust IT security and data protection roadmap in line with an ever-evolving threat landscape.
A multi-layered approach has been implemented, including:

- Investment in best of breed next generation intelligent solutions (including Firewalls, Intrusion Detection, SIEM, immutable backup technology, End Point Protection and real-time threat detection and protection). Independent external experts are engaged to conduct annual assessments and to provide ongoing cyber security assurance support (vulnerability management, risk management and weekly testing). We continuously review the latest threats and trends to ensure our programme is current & effective and we continue to evolve the design and policies of our platform to manage resilience and incident management and response effectively.
- We engage with all employees to provide training and ongoing insights/awareness of cyber security threats and support (at work, at home and personal) and invest in training platforms and 3rd party consultancy to support the onward development of the IT team.

Actions: ACTION

Continue to evolve our cyber security posture with ongoing investment and review. Continue to focus on business engagement and education to all employees on identifying risks.

ENERGY PRICE VOLATILITY

FINANCIAL

No Change —

Risk description and Impact

Global uncertainty continues to drive energy price volatility and suppress liquidity which reduces the opportunity for forward purchasing. Although the main site has the ability to run on multiple fuel sources, energy costs are interconnected. As an energy intensive business, prolonged high energy costs have a negative impact on business performance.

Mitigation

The Group continues to pursue forward pricing opportunities to secure best pricing and/or provide price certainty for a given period of time. It can apply an energy surcharge mechanism to offset peak pricing periods. Longer term, continued investment in energy saving upgrades and in its pioneering decarbonisation programme will facilitate the move to more consistent green energy contracts.

Actions: MONITOR

Continue to monitor current energy pricing and secure longer term price hedging.

CORPORATE & REGULATORY COMPLIANCE

COMMERCIAL
FINANCIAL
REPUTATIONAL

No Change —

Risk description and Impact

With over 600 employees across our locations, individuals may fail to act in accordance with ethical and legal requirements, internal policies or the Group's Values. Failure to comply with these requirements could result in significant financial penalties, disputes and claims, loss of customers or access to contracts and damage to our reputation.

Mitigation

The Group has a strong and clear Purpose and Values set created by employees which sits at the heart of our decision making. Compliance policies and procedures are in place for key regulatory compliance risks. The Group works with a network of third-party experts to augment our advice on specific compliance areas. Additionally, the Group has begun to roll out online compliance courses around these risks. A newly created employee Code of Ethics & Behaviours was implemented and distributed to all employees during 2022. The Group is subject to regular and detailed audit by its critical customers and has a standing compliance team that is engaged to respond.

Moving forward, the Group has recently created a new role of General Counsel and Company Secretary which will bolster its internally capability to manage compliance in this risk category.

Actions: MONITOR

Continue to monitor and advise on the prevailing regulatory environment.

Viability statement

James Cropper is driven by its purpose – Pioneering Materials to Safeguard our Future – which informs and influences the decisions we make as we fulfil our accelerated growth strategy.

Our aim is to create increased value for our stakeholders, on a sustainable basis, through accelerated growth in each of our market focused segments; Creative Papers, Luxury Packaging, Technical Fibres and Future Energy by leveraging our potential as one Company under the James Cropper name supported by a strong capital expenditure programme.

We are about making a material difference, utilising over 175 years of innovation, market leading experience, long term sustainable focus and know-how and stewardship. We aim to deliver solutions to today's societal needs, including sustainable, easy to recycle packaging and high-performance technical materials for advancement in industries focused on the transition to a greener and more sustainable future.

The Board has assessed the Group's prospects and believes that a two-year planning horizon to March 2025, based on the Board approved Group strategic plan, is an appropriate period over which to evaluate the Group's ability to continue as a going concern.

The Group's three-year plan has been tested for plausible downsides scenarios including further expected effects of the energy crisis and inflationary pressures, hampered market growth, increasing carbon cost and commodity prices.

In the event that a scenario partly or fully takes place the Group has various options available to maintain liquidity and continue operations. The Group remains within its key financial covenants which are that its net debt to underlying EBITDA ratio must not exceed 3.5 times and EBITDA must exceed 4.0 times net interest expense.

There is adequate headroom throughout the duration of the plan, subject to reasonable downside scenarios, and the Group manages operations to maintain at least 20% headroom to the facility covenant positions.

The Board is satisfied that the Group will be able to respond to such plausible downside scenarios through various means which may include a reduced or deferred capital expenditure programme to ensure that the Group continues to meet its ongoing obligations.

The Group and Company will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

PROMOTING THE SUCCESS OF OUR GROUP

S172(1) STATEMENT

OUR APPROACH

The Board is responsible for leading engagement across all stakeholder groups.

We supply to customers across the globe, to both small businesses and multinational organisations, investing the time to build and retain strong partnerships is key to our success.

We recognise our employees are the lifeblood of our business and are our most valuable resource. From new starters, apprentices and graduates beginning their working life to employees who have followed their family through several generations.

As a Board, we have a duty to promote the success of the Group for the benefit of our members. In doing so, however, we must have regard for the interests of our employees, for the success of our relationships with suppliers and customers, for the impact of our operations on the community, and for the desirability of maintaining a reputation for high standards of business conduct.

These stakeholder considerations are woven throughout all of our discussions and decisions. Like any business, sometimes we have to take decisions that adversely affect one or more of these groups and, in such cases, we always look to ensure that those impacted are treated fairly.

OUR SHAREHOLDERS

The Directors consider the best method of delivery to achieve our strategic objectives taking into consideration all stakeholders including shareholders and we endeavour to ensure all shareholders are treated fairly. All Directors hold shares in the Company aligning their interests with those of shareholders.

Engagement with our institutional and private shareholders is an ongoing process that we encourage and pro-actively engage with through a range of channels. We hosted an on-site investor day for potential investors in July 2022.

We participate in regular face-to face investor meetings, virtual meetings and site visits throughout the year, as well as email correspondence, calls and at our AGM. At this year's AGM, we will be offering shareholders the opportunity to undertake a site tour of our paper mill.

BOARD CONSIDERATIONS

In response to the negative voting last year, the Board has addressed a majority of actions. Further details can be found in the Corporate Governance Statement, the Report of the Audit Committee and the Report of the Remuneration Committee.

Further reading:

Pages 52 to 55
Corporate Governance Statement.

Pages 57 to 58
Report of the Audit Committee.

Pages 61 to 65
Report of the Remuneration Committee.

During the year an interim dividend 2.0p per ordinary share was paid. In addition, the Board are proposing a final dividend of 4.0p per ordinary share to be approved by shareholders at this year's AGM.

The Board will invite all shareholders to our next AGM on Tuesday 26 September 2023. The Board encourages our shareholders take the opportunity to express their voting preferences by either using the proxy cards that will be sent out with the notice of the AGM or attending the AGM itself.

The Group's website is regularly updated and provides additional information on the Group.

OUR EMPLOYEES

Our employees are our biggest asset and fundamental to the success of the Group. The health and wellbeing of our employees is of the highest priority, embedding Code of Ethics and Behaviours at work.

Despite the 4% annual pay increase to all employees, the Board made a significant decision to provide all employees with a one-off cost of living payment to support the sudden inflationary rises.

The on-site gym is now fully open with unisex shower facilities and the canteen has been refreshed and upgraded.

LEAP, our leadership development programme was launched across all leadership levels as well as a people portal for all employees to have access and review their personal data and development.

As a result of feedback from the employee survey in FY2022 the Company continued to implement improvements to facilities and working environment.

At our Burneside site, we have completed the first phase of our three year plan to upgrade our fire systems. The air conditioning systems have been repaired in the canteen and blender house. The maintenance of the papermill roof is still ongoing.

To ensure all employees are kept up to speed with latest developments and business news, communication is regularly provided via face-to-face briefings, global emails, our internal intranet and regular team updates. We encourage two-way dialogue and have successfully introduced an open channel for anyone across the business to ask a question. We also conduct bi-annual financial briefings and presentations for our workforce.

To improve visibility, the Executive Committee regularly enjoy lunches with employees in the canteen. On a monthly basis, the Chairman and CEO undertake impromptu site walks, as well as hosting Chairman's lunches with small groups across the different divisions.

Bi-annually, the CEO will visit our global teams in Launceston, Cornwall and Schenectady, New York. The Chairman also regularly meets with senior managers.

Regular consultative meetings were held with union representatives on all aspects of Group developments.

Further reading:

Pages 47 to 48 Our People

Pages 10 to 16 Chief Executive's Review

OUR CUSTOMERS AND SUPPLIERS

Our business model depends on strong partnerships with our customers and suppliers. These relationships are based on true partnerships and collaborations that enable us to provide pioneering solutions that solve their business need.

In recent years, our growth has been underpinned by close collaborations with more global corporations.

We continue to increase our work in the area of preventing modern slavery. Our latest Modern Slavery Statement can be found on our website.

With the onset of the energy crisis and the global inflationary pressures, regular consultation with customers and suppliers has been undertaken and continues as we work together to share the impact during these challenging times. Price increases have been implemented with an energy price surcharge agreed with our customers that is monitored regularly as we share the burden of the volatile energy prices.

OUR COMMUNITY

Being the largest business in the local area, with the Cropper family still living locally and involved in the business, the Group fully supports the local community and charities.

The impact of our operations on the communities in which we work is an important consideration in our Board discussions. Our Community Support Committee regularly receives requests from schools, charities and organisations seeking support for activities that benefit our local communities.

In the year, charitable donations of £6,327 were made to local charities and organisations in addition to the free paper donated to various schools and organisations. The total figure donated over the last 5 years by the Community Support Committee is £62,938.

The third phase of solar panels were installed on the roof of the TFP buildings. These panels are owned by Burneside Community Energy Ltd who sell all the power generated to the Group with any profit ploughed back into the local community. Discussions will shortly be underway for a fourth phase to increase the number of solar panels on our Burneside site.

Our vision for doing business is one that delivers growth whilst also serving society, and is strongly aligned with the sustainable development goals. By using our resources as a business to address issues such as biodiversity, reforestation, upcycling and climate change we are delivering benefits to our stakeholders and society.

For and on behalf of the Board
Steve Adams
Chief Executive Officer
3 August 2023

TECHNICAL FIBRE PRODUCTS LTD

DIVISIONAL REPORT

The last year has been another record year for the division, delivering £37.2 million in revenue and further sales growth expected, particularly in the future energy markets.

Our core Aerospace business has now recovered to pre-covid levels, but has been overtaken as our largest market by the fuel cell and electrolyser segment, which has shown year-on-year growth of almost 40%. This growth is reflective of the segment's projected expansion, with a predicted compound annual growth rate (CAGR) of 61% and 26% over the next five years for PEM electrolysers and hydrogen fuel cells respectively.

To support the continuing rapid growth forecasted, TFP has installed a coating line in the US to increase production capacity this year, as well as making key senior appointments to both lead and further accelerate sales and market growth and drive operational efficiency and capacity improvements. The associated increase in overheads and investment to position the Company for future growth has impacted EBIT, with revenue growing at a higher rate.

This expansion in both team and production capacity is part of a robust five-year growth strategy, which the division has implemented, focusing on driving accelerated growth in both core and emerging markets, cultivating a high-performance team and achieving operational excellence.

As the Company starts to position itself as an advanced materials and paper group, Technical Fibre Products and TFP Hydrogen Products will be known under the established Group name James Cropper.

The divisions will become two market-facing segments, named James Cropper Technical Fibres and James Cropper Future Energy respectively, these routes to market have been created for the benefit of our external audiences and will enable us to leverage the brand value of the James Cropper name across all markets.

This change will be implemented in the coming financial year supported by branding work and further marketing growth related activities, we look forward to presenting the accelerated successes next year.

James Gravestock
Managing Director, TFP
23 August 2023

TFP	2023 £'000	2022 £'000	Change
Revenue	37,187	31,209	19%
Adjusted EBITDA (APM4)	10,714	9,905	8%
Adjusted operating profit (APM1)	9,244	8,684	6%

TFP: POSITIONED FOR STRATEGIC GROWTH

To further accelerate growth and realise the potential of the division, TFP has implemented a new strategy focussed on four main areas with each playing a pivotal role.

These are; ***People, Systems, Operations*** and ***Commercial Growth***.

To deliver strong commercial growth, strategic markets such as hydrogen generation and use, carbon capture, fuel cell technology and renewable energy are being deliberately prioritised and targeted with recently created market growth programs. Alongside additional tools that our expanding sales teams are being equipped with these, will accelerate our sales successes and also help retain our strong market position in core sectors such as aerospace and defence.

Greater customer intimacy and understanding of their future needs is also shaping future new product development (NPD), route to market and portfolio decisions.

To support the anticipated increase in sales and to meet the future demands of our customers, the operational structure and capacity also needs to be in place. This will require significant investment in manufacturing, to both ensure scalability and improve the operational efficiency of existing assets.

We are also reviewing plans for new lines and new manufacturing locations in order to meet prioritised geographic market demand and provide local support for customers. Investment in business system upgrades is taking place to further improve material quality, customer relationship management and to start to integrate all our business processes to enable improved planning and efficiencies.

In parallel to this investment in systems, capacity and commercial growth, we recognise that growth also necessitates continued investment in our people. An integral part of the strategy therefore will be to continue to develop a global, diverse and high-performing team.

INVESTING IN TALENT

In order to spearhead our ambitious growth plans, TFP announced a number of key leadership appointments in 2023. These include the appointment of Robert Musgrove as Global Commercial Director of TFP Ltd and President of TFP Inc., Rajat Samal as Global Operations Director and Lauren Wolstencroft as Head of Marketing.

Robert Musgrove

Rob commenced his post in January 2023, bringing with him a wealth of international commercial experience in the materials sector in markets including electronics, construction, transport and industrial. He has a strong leadership background, with previous senior roles including Sales Director and Global Key Account Manager at 3M. Based in the USA, Rob oversees the global commercial activities, and is working across the division to drive the activities from the recently created Commercial growth plan, to further accelerate growth in all sectors, particularly in renewable energy and the hydrogen economy.

Rajat Samal

Rajat joined TFP as Global Operations Director in February 2023, with over 20 years' leadership and manufacturing experience gained from working for GE, Eaton and most recently Fluiconnecto by Manuli. Rajat is responsible for TFP's manufacturing, customer service and supply chain functions, delivering a robust global operations strategy that will enable the scale up of the TFP and TFP Hydrogen businesses for the significant growth anticipated in the near and medium term.

Lauren Wolstencroft

Lauren started as Head of Marketing for TFP in March 2023. She leads all aspects of the division's marketing strategy and activities globally, to achieve the division's long-term vision to serve industries and applications that enable a cleaner, greener, safer world. Lauren has extensive B2B and B2C marketing experience across a number of sectors including art, law and engineering products, most recently as Head of Marketing and Commercial Services at Metalube Group.

TFP is forecast to deliver unprecedented growth in the next 5 years and recognises that the people and expertise that we have in place are central to achieving this. The wealth of expertise that Rob, Rajat, and Lauren bring to the team will further strengthen our ability to introduce and deliver our advanced materials into both new and existing global markets.

CAPACITY EXPANSION TO SUPPORT EXPONENTIAL GROWTH IN GREEN HYDROGEN

Over this last financial year, TFP Hydrogen Products (TFPH) has expanded production outside of the UK and installed specialised electrolyser coating technology at TFP's site in Schenectady, New York.

Our investment in a US facility has been a necessary step, both to increase capacity worldwide and to provide local supply and technical ground support for North American Electrolyser companies, creating a lean, short, supply chain. This will provide significant market opportunity in North America.

The technology incorporated in our new line produces high performance component coatings which improve the efficiency and durability of Proton Exchange Membrane (PEM) water electrolysers, one of the foremost technologies in the transition to green hydrogen.

The US line, which can support 600MW electrolyser capacity, is now fully operational and its rapid installation and commissioning forms the basis of our future expansion plans which project a further threefold increase in capacity by the end of 2023.

The addition of the Schenectady line also means that our current coating production is now capable of supplying 3GW of PEM electrolyser capacity globally, even before the additional expansion.

Scalable Manufacturing

The new line in Schenectady utilises proprietary coating technology developed by TFPH in Cornwall, UK and has been specifically designed with scalability in mind to facilitate and respond to the exponential growth that is expected by this market.

The U.S. Department of Energy's (DOE) anticipates that the U.S. electrolyser capacity alone will have to increase from 0.17 gigawatts (GW) today to over 1,000 GW in 2050. The line provides a blueprint for future TFP Hydrogen coating lines worldwide, enabling us to support the electrolyser manufacturing hubs being established globally as the technology adoption accelerates.

Accelerating PEMWE Adoption

TFP Hydrogen's coating technology addresses the key material challenges in using titanium PEM electrolyser components.

It improves the performance of the parts by reducing their interfacial contact resistance so that they operate more efficiently, as well as protecting parts from corrosion which would normally reduce function and lifespan.

The result is improved long term component performance and durability and an increased electrolyser system lifetime. This ultimately helps to reduce the total lifetime cost of green hydrogen production and enable PEM electrolysers to progress towards achieving the 'Hydrogen Shot' – a US Department of Energy (DOE) initiative that seeks to reduce the cost of clean hydrogen by 80% to $1 per 1 kilogram in 1 decade ("1 1 1").

WHAT IS A PEM WATER ELECTROLYSER?

A Proton Exchange Membrane (PEM) electrolyser is an electrochemical system that carries out the electrolysis of water. PEM electrolysers consume an electric current, generated from renewable energy, to split the water into its component molecules hydrogen and oxygen.

As a result, green hydrogen is produced, which has the potential to change the way we fuel our cars and other modes of transport, as well as the way we heat our homes, businesses and power industrial processes.

TFP CREATES SUSTAINABLE SOLUTIONS TO COMPOSITES INDUSTRY AND LAUNCHES ECOVEIL

As well as expanding capacity to support the growth in the hydrogen industry, TFP has also launched a new range of sustainable materials designed for use in multiple composites markets, including aerospace, automotive and sporting goods.

This range, branded as ECOVEIL, has been introduced as a response to the increasing demand for more environmentally responsible alternatives in the composites market.

Sustainable Solutions To Composite Challenges

Our new ECOVEIL nonwovens are produced from naturally derived or recycled fibres and can be incorporated directly into a composite structure to improve the finish, fabrication and functionality of a component.

One typical application is providing a sustainable alternative to traditional composite surfacing veils, such as our OPTIVEIL range, which are used to create a smooth layer on the surface of composites.

The improved surface finish reduces further processing costs of the composite and can also be used to add functionality to the part if needed.

The new range is an exciting addition to our current portfolio of solutions for composites and the market has responded positively to the product, with testing and validation already commenced with multiple tier 1 aerospace suppliers.

WHAT IS A COMPOSITE?

Composites, or 'polymer composites', represent a key market for TFP's nonwoven materials.

A composite is a multi-phase material in which a fibre reinforcement (e.g. glass, carbon or aramid) is encased in a resin matrix.

Composites deliver a higher strength per unit of weight than most metals, for example they are up to 70% lighter than steel, whilst also offering a high level of corrosion and abrasion resistance.

As a result they have become well established in the aerospace, automotive and wind turbine industries (amongst many others) as a means to reduce weight without compromising on strength or performance.

This need for the 'lightweighting' of components is key to achieving lower vehicle or aircraft emissions and higher power output from offshore wind turbines.

COLOURFORM™

MOULDED PACKAGING PRODUCTS

DIVISIONAL REPORT

I am pleased to report that our Colourform™ business not only continues to grow but remains unabated in its ability to disrupt the luxury packaging industry. Our strategy of encouraging our partners to re-imagine what is possible, despite any perceived restrictions, has delivered exciting new collaborations over these last 12 months.

We have delivered packaging launches for Lancôme (L'Oréal) and Perrier-Jouët (Pernod Ricard) bringing noteworthy and new dimensions to their sectors. Innovations include stunningly detailed embossing on La Vie Est Belle, and the use of vine shoots for the Belle Epoque 'Cocoon'. The naturally derived agrifibre is recovered after end of season pruning, ensuring that is given a second life and that the packaging is both recyclable with other paper products and circular in design.

We have achieved international acclaim for our creativity and sustainability in a way that no other product in the global packaging market has ever been able to achieve.

Winning 16 awards and counting, has allowed the James Cropper Luxury Packaging proposition to become positioned as an exemplar that is being used by more of the world's luxury brands.

We continue to regularly feature in the international packaging media and design community for luxury moulded fibre, exhibiting and providing thought leadership at over 40 innovation meetings and industry events in Paris, Milan, London, Monaco, Glasgow and New York.

Growing for future success

As we look to the year ahead, our focus will ensure a balanced portfolio of future projects that reflect the needs of the market. Our headline innovation projects continue to expand, developing the finished products further with colour and embellishments. We will also address more general business demands that reflect the desire to seek alternatives to plastic and multi-material existing packaging in the sector.

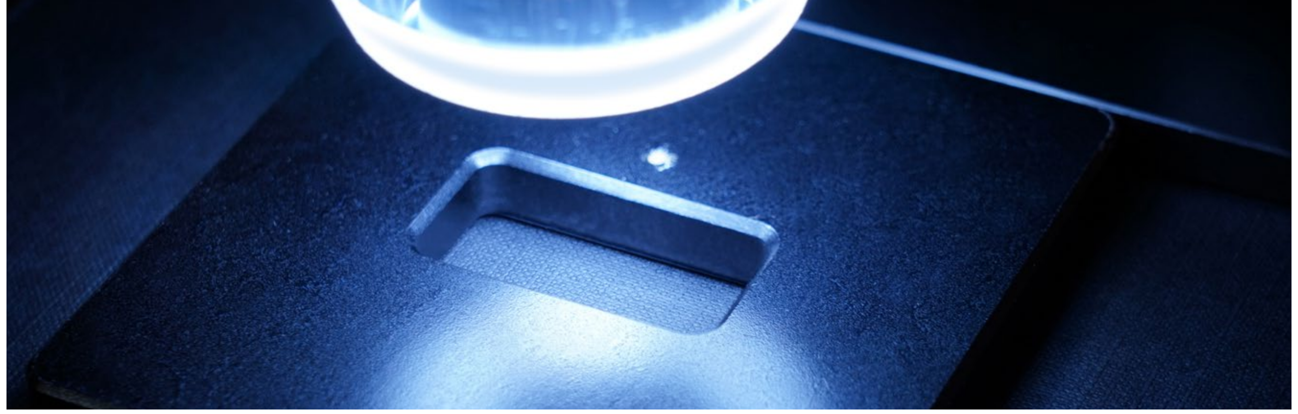
In order to continue our trajectory of growth, we will combine our talent, technical knowledge and experience with our colleagues across the paper mill to collaborate and provide a richer offering to our customers.

By promoting the full suite of James Cropper Creative Papers and Luxury Packaging, this will enable us to expand our proposition and own the luxury packaging market.

This is an exciting new chapter for us as we continue to provide solutions that prove beauty and sustainability do work together in partnership, brilliantly!

Patrick Willink
Managing Director, Colourform™
23 August 2023

Colourform™	2023 £'000	2022 £'000	Change
Revenue	4,326	3,363	29%
Adjusted EBITDA (APM4)	(260)	174	-249%
Adjusted operating loss (APM1)	(1,057)	(754)	-40%



JAMES
CROPPER
EST. 1845

PAPER PRODUCTS

DIVISIONAL REPORT

It was a challenging year for the paper manufacturing industry as a whole, with significant increases in raw material and energy costs, resulting in a number of mills in the UK and Europe being forced to close.

Whilst, we managed to achieve record sales of £88.2 million, up 25% on the previous year, the cost increases we incurred severely impacted our product margins, resulting in an operating loss.

Demand in some of our traditional higher volume areas has declined as those sectors move away from paper to digital, a trend accelerated by changes in customer behaviour in response to the pandemic.

At the same time, we have also chosen to exit less value adding businesses to enable us to focus on our main strategic areas.

Following a value over volume strategy, our focus is increasingly on Luxury Packaging and premium Creative Papers. Our expertise in colour and leading innovation in sustainable fibre, provide strong points of differentiation and have helped us to achieve share growth in both of these areas, in spite of the tough market conditions.

As we further develop our sustainable capabilities, a particular highlight was the launch of our FibreBlend Upcycled Technology programme. Building on from CupCycling, our unique approach to recycling used paper coffee cups, we have expanded our capability in the recovery and upcycling of other valuable waste materials.

Our reclaimed fibre sources include waste paper from offices, trim from packaging manufacturing and the thread from used denim jeans, keeping materials in use that would otherwise go to waste.

With FibreBlend, we take a tailored approach to every project, creating papers that support the sustainability ambitions of our customers, without compromising the technical and aesthetic requirements.

Right-sizing our business

Throughout the last year, we have been reviewing all aspects of the Paper business and developing a major transformation programme, to enable a return to profit.

We aim to create a stronger and more competitive business, that will serve our customers better and ensure that we are more resilient to the external challenges that we will continue to face.

During the coming year, we will be right sizing the Paper business, based on a reduced volume, aligned to a streamlined and higher value customer and product portfolio.

The transformation includes an organisational restructure, with a 15% reduction in headcount across the Paper division. Alongside this we will be introducing a new operational model, with continuous seven day manufacturing, enabling greater productivity.

This will be supported by the implementation of a lean business programme to drive further quality and efficiency improvements.

Leading with our Values; forward-thinking, responsible and caring, we are committed to make the necessary changes that will provide a more flexible working environment; one that meets our employee needs, our business requirements and delivers for our customers.

We recognise personal development is extremely important, as was evident in the 2022 employee survey results. We want to ensure any change made to working practices is to the benefit of our employees, by providing better training and more opportunity to up-skill for career progression within James Cropper and beyond.

We acknowledge that this year, and the previous years, have presented themselves with many challenges and I wish to express my gratitude to all employees who have shown their strength, agility, openness and ability to embrace change so positively.

Steve Adams
Managing Director, Paper
23 August 2023

Paper	2023 £'000	2022 £'000	Change
Revenue	88,151	70,350	25%
Adjusted EBITDA (APM4)	(1,277)	(796)	-60%
Adjusted operating loss (APM1)	(2,847)	(2,338)	-22%

PAPER - HIGHLIGHTS

FOCUS ON LUXURY PACKAGING

After a few challenging years the market for luxury packaging is poised to grow annually at rate of 5.5% to 2033. Luxury packaging can go a long way towards distinguishing premium products and enhancing that all important shelf appeal, and our focus is firmly on delivering growth in this sector.

As our society seeks to abandon fossil-based materials, there is continuing demand and preference for paper-based packaging due to its high recyclability and sustainability credentials.

Consumers are demanding eco-friendly options, from biodegradable and recycling solutions to strikingly colourful materials and innovative textures.

In January 2023, our multi-million investment in a new Embossing Centre of Excellence culminated with the installation of a new embosser varnisher, sitting alongside smart eye production technology more commonly applied in Formula 1 and the aerospace sector, for the creation of precision-made textured papers.

This investment will allow us to meet growing customer demand for surface aesthetics in luxury packaging and creative papers, as well as best in class service for bespoke textural effects, alongside the development of individual colour.

We continue to make improvements in our operations to deliver a choice of low-carbon, regenerative, bio-based solutions for our customers, and most importantly, work alongside clients on eco-design led projects that are making a material difference on their sustainability journey.

Iconic Mulberry Green packaging: Custom green, 50% recycled

"At Mulberry, we are committed to transforming our business to a regenerative and circular model by 2030, and to become Net Zero by 2035. To achieve these ambitious goals, we are continuously assessing ways to reduce our environmental impact and steward circularity, even down to our Mulberry packaging. James Cropper's innovative recycling system transforms coffee cups into the paper for our iconic carriers and also helps ensure that all our customer-facing packaging is now recyclable or reusable."

Conscious Beauty from Shiseido: Rydal Natural White, 100% recycled

"Ulé is a conscious beauty brand, so it made sense to design our packaging with the most minimal impact on the environment right from the start. At the same time, we wanted products with a desirable look and feel, in line with our brand codes."

The brand uses light weighted glass bottles and bio-based lids and has removed leaflets and inner carton components from outer packaging.

Royal British Legion's new Plastic-free Poppy: Custom red & green, 50% recycled

" We're proud to have designed a plastic-free poppy that will enable people to show their support for our Armed Forces community in a more sustainable way. We are thankful to our long-standing supplier James Cropper who developed the innovative paper used in the new poppy. The Company's industry-leading technology which reuses waste from the manufacture of coffee cups has ensured the iconic poppy is now made entirely from responsibly sourced materials."

FIBREBLEND UPCYCLED TECHNOLOGY

Consistent with our vision to drive growth of upcycled fibre within the Company's paper products to reach 50 percent by 2025, James Cropper's FibreBlend Upcycled Technology model organises the plethora of fibre options available to customers into a clear offer, demonstrating the limitless expertise available to them.

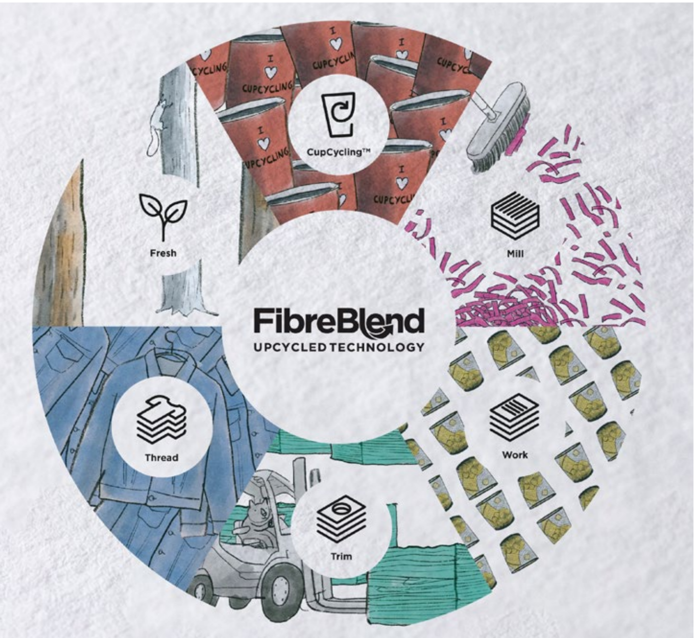
More than just a product or process, FibreBlend embraces the key strands of a circular economy system, driven by design; to reduce waste, circulate materials at their highest value and regenerate nature.

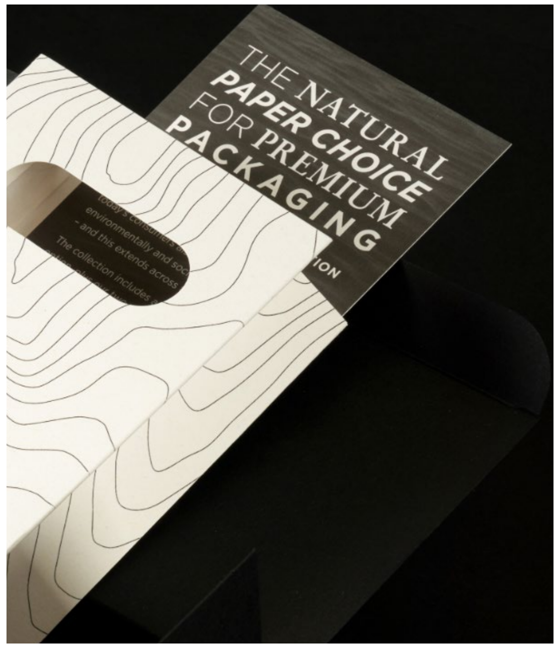
The fibre combinations we use not only support the regeneration of forest ecosystems but also keep materials in use; through a commitment to constant fibre innovation, we have found solutions to tackle societal challenges on waste by upcycling problematic materials into high value paper products.

We use a variety of carefully selected natural and renewable fibres for our paper products, perfectly showcased in our Rydal Collection for luxury packaging – demonstrating that sustainability doesn't begin and end with recovered fibre.

A perfect balance of paper performance, environmental impact and visual appeal can be achieved by using a blend of virgin and recycled fibre, whilst maintaining consistency in the product properties.

From the world's first technology to upcycle used coffee cups to the industry leading incorporation of used jeans into fully recyclable paper for packaging – we are making a material difference with our FibreBlend options.





ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

At James Cropper, sustainability spans every area of our business and is integral to the way we add value to our customers.

We care deeply about delivering greater positive impact; for our planet, the environment, our neighbours and society in general.

James Cropper is the name behind pioneering materials and technologies that feature in many of the world's most successful brands. With that comes a responsibility to ensure that our activities, the way we do business, will help safeguard a sustainable future for generations to come.

As the world changes and evolves, so too does our focus on sustainability; it has been, and will remain, a central element of how we do business.

Our rich papermaking heritage has always celebrated natural, renewable materials. Today, our strategic goal for sustainable growth takes on many more forms.

Whether that is from upcycling or recycling materials, lightweighting, decarbonisation, or innovative solutions in the green energy sector, we continue to evolve our business as we work to reduce our effect on the environment.

Our Purpose

Pioneering materials to safeguard our future - underpins our commitment to sustainability that is aligned to the United Nations Sustainable Development Goals (SDGs). The innovative materials we create and technologies we employ allow us to tackle some of the biggest challenges the world is facing.

Sustainability means doing business the right way, adapting and challenging ourselves to meet business needs, today and in the future. We work closely with our customers to create differentiated products, that are making a material difference for the long-term.

As we work to accelerate the transformations needed for a net zero, nature friendly, balanced and fair future, our aim is that the sustainability issues and opportunities we have identified across the business are addressed in the day-to-day activities of all our employees

ESG Committee

Formed in September 2020, our ESG Committee is chaired by our CEO, Steve Adams, and is a formal subcommittee of the Executive Committee.

It has delegated authority to oversee the development, measurement and delivery of the metrics that the Group will use across the three pillars of our sustainability strategy: Sustainable Manufacturing, People and Society, and Responsible Business Practices.

It comprises members of the Executive Committee and Non-Board members from across the business. With a blend of knowledge and strengths from across the Group on the 9 priority areas identified as being most material to the key stakeholders for our business, the Committee has additional expert advice and support provided by third-party partners.

In 2022, the ESG Committee met quarterly, and going forward ESG will have greater focus and resource within the business to make improvements and navigate an increasingly complex regulatory landscape.

External Ratings

Our full focus is on delivering impact on the priority areas, however, we understand the value to our stakeholders of external ratings. We use the submission and feedback processes from ratings such as EcoVadis to learn and improve our approach across the sustainability agenda.

SUSTAINABLE MANUFACTURING

James Cropper pro-actively monitors and manages the impacts of its operations and continues to improve the breadth and accuracy of environmental reporting to better understand and communicate these to all stakeholders, and to manage associated business risks and opportunities.

The Group already embeds sustainable business principles across the organisation in operations including waste management, water use, energy efficiency and renewable energy, and sustainable sourcing of materials and services.

Despite the external challenges of recent years, we have remained focused on our priority on tackling climate change as part of our wider sustainability commitments. Decarbonisation is seen as one of the most urgent and important actions to undertake.

We have been working in partnership with Erebus Environmental Ltd, as we continue to develop methodologies to follow best practice in how we collect, analyse and report data. As our knowledge in this area grows, we are making incremental improvements on data accuracy each year.

Sustainable Manufacturing

Decarbonisation and energy • *Water* • *Waste and resource management*

Priority Area	
Decarbonisation and energy *UN Sustainable Development Goals* 	*Strategic Intent* To have a robust net zero aligned strategy and achieve net zero by 2050 across our entire supply chain.

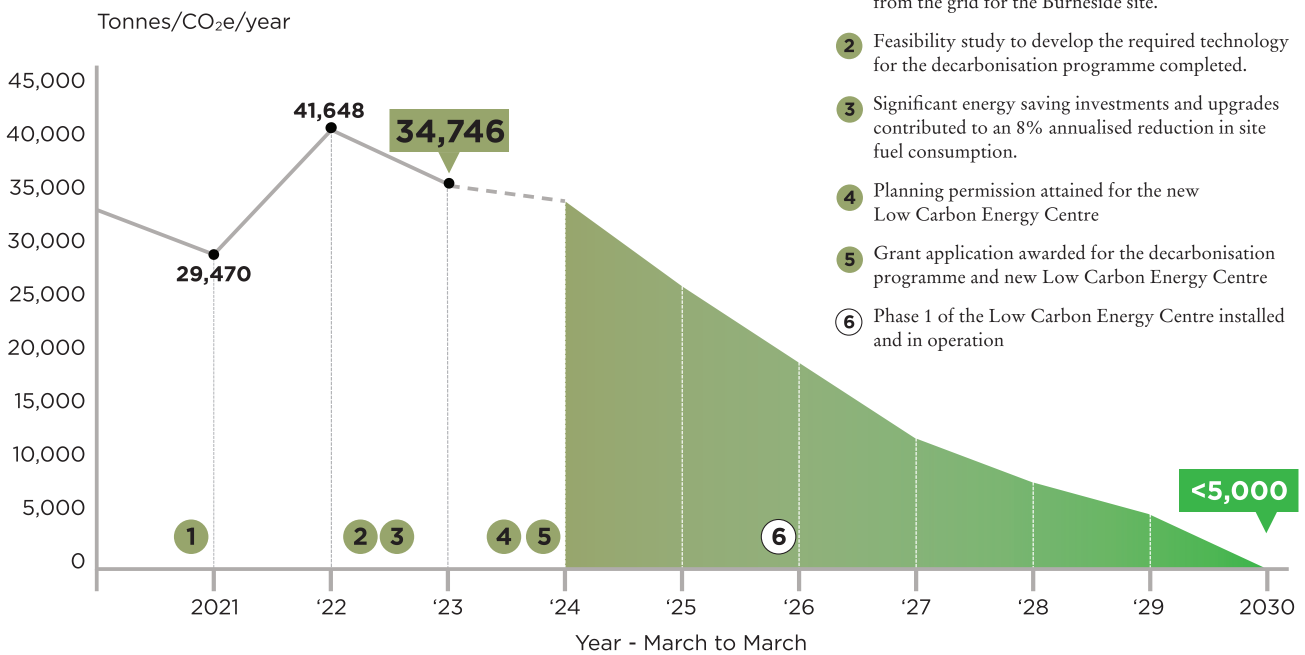
We have a robust decarbonisation roadmap in place for our manufacturing sites and we are already implementing the changes needed to cut our natural gas use by 25% by 2025. Work is also commencing to understand how we will fully decarbonise and support our ambition to be net zero by 2050 across our entire supply chain.

Our commitment to net zero has driven a programme to understand and rethink how we consume and manage energy. A crucial element of this is a significant reduction in our primary energy usage and a move to renewable energy sources, and we have made some great strides in tightening up process controls and made efficiency improvements resulting in savings on energy consumption.

In 2022, we consumed 189,000 MWh of energy across our Global operations (197,000 MWh in 2021). As part of our strategy to improve the efficiency of energy consumption, a number of capital investments and work was completed, in particular within energy intensive Paper Operations.

Delivery against our decarbonisation ambition, through technology transformation and move from fossil energy sources, allows us to demonstrate quantifiable carbon reductions to support our customers and meet consumer expectations. Developing products from sustainable sources that offer benefits in use and support customers, also benefits consumers in living more sustainably and reducing their carbon footprint.

Decarbonisation & Energy - Scope 1 & Scope 2 Emissions Only



1. Purchased 100% renewable electricity from the grid for the Burneside site.
2. Feasibility study to develop the required technology for the decarbonisation programme completed.
3. Significant energy saving investments and upgrades contributed to an 8% annualised reduction in site fuel consumption.
4. Planning permission attained for the new Low Carbon Energy Centre
5. Grant application awarded for the decarbonisation programme and new Low Carbon Energy Centre
6. Phase 1 of the Low Carbon Energy Centre installed and in operation

Carbon footprint

At the end of the financial year, we achieved a significant reduction in our gross Scope 1 and Scope 2 emissions of 6,900 tCO^2e, finishing at 34,700 tCO^2e (2022: 41,600 tCO^2e). This is a 16.6% reduction against our baseline carbon footprint report year of 2022.

Several capex projects are also underway that will significantly help us reduce our operational carbon emissions:

- Our manufacturing site in Burneside has installed a new state-of-the-art high efficiency steam boiler, which will deliver a reduction in environmental emissions as well as energy usage in the coming years. Due to its ability to modulate (unlike our previous model), it is well equipped to cope with a wide range of energy demands and will significantly improve the control of energy for production across the site.
- We have attained planning permission to build a new Low Carbon Energy Centre, which will enable us to electrify our papermaking processes over the coming years. Scheduled for 2025, this project will provide a change in energy-source, resulting in a dramatic reduction in the amount of carbon we emit. This will also help towards our customer's Scope 3 emissions targets.
- A significant amount of work has been completed in the past year on balancing our paper machine drying hoods. Installs have been completed on two of our machines and the controls are constantly being optimised. Work is planned to continue this project throughout 2023/24, optimising our hood balances further, ultimately reducing the amount of steam used for the drying process.
- Phase 2 of our metering project is underway. To date, 80+ meters have been installed and there are plans to complete another two phases after this. Enhancing our understanding of when and where energy is being consumed on site allows waste to be identified and corrective measures to be taken. Adequate metering is said to enable businesses to save 5% of their annual energy consumption.

We saw a decrease in our upstream Scope 3 emissions of 5,000 tCO^2e, finishing at 41,000 tCO^2e (2022: 46,000 tCO^2e). This decrease of 10.8% against our baseline carbon footprint report year of 2022, has been driven through collaboration with supply chain partners and more robust data collection.

Downstream Scope 3 emissions are specifically excluded as it would involve detailed life cycle analysis to deliver reliable results. Additionally, the ability of James Cropper Group to influence associated emissions is limited compared to opportunities in the supply chain and elsewhere in the business. The exclusion of these categories may be reviewed in the future.

Our Scope 1, 2 & 3 GHG emissions are verified by Erebus Environmental Ltd. The carbon footprint report follows the reporting principles of the Greenhouse Gas Protocol Corporate Standard and associated supplemental advice for Scope 2 and 3.

STREAMLINED ENERGY & CARBON REPORT

Energy use

The underlying energy data used to calculate carbon emissions includes electricity, natural gas and other fuels purchased for use on-site and for transport.

Energy used in the year across our Global locations totalled 188,661,483 kWh, lower than the previous year of 196,550,102 kWh, driven mostly by efficiencies and savings made in Paper production.

Renewable energy

1.21MW of Solar PV is currently installed across 6 different locations at our Burneside site. A majority of which are power purchase agreements made with Burneside Community Energy Ltd, a community benefit society. An additional 0.25 MW of Solar PV has recently been installed by the Ellergreen Group at our Effluent Plant in Burneside.

At the end of our calendar year, we saw an increase in solar generation of 171.067 kWh, finishing at 793,319 kWh (2022: 622,252 kWh). This is an increase of 27.49% against the previous year.

We also saw an increase in the hydro generation from our River Kent Turbine, again a power purchase agreement made with the Ellergreen Group. There was an increase of 4,001 kWh, finishing at 211,679 kWh (2022: 207,678 kWh). This is an increase of 1.93% against the previous year.

National Grid electricity

Globally we purchased 7,894,545 kWh of Electricity from the Grid, of which 87.7% was on a Carbon Trust Certified Green Tariff.

Classed as Tier 1 – from Solar, Hydro and Wind sources only, this renewable energy product conforms to the Greenhouse Gas Protocol, so can be reported as zero carbon emissions when using the market-based method.

For reporting purposes, Scope 2 emissions are reported using location-based (grid average) and also using market-based (REGO backed) emissions.

Table 1 – Global Greenhouse Gas (GHG) Emissions – Location-Based Figures

Global Operations (Location-Based)		UK Operations			USA Operations		
Metric	Unit	2021/22 Baseline	2022/23	Deviation	2021/22 (Baseline)	2022/23	Deviation
Scope 1 (Direct emissions)	tCO^{2}e	40,123.4	33,036.6	-17.7%	210.7	246.4	17.0%
Scope 2 (Indirect emissions)	tCO^{2}e	1,235.4	1,381.8	11.9%	78.9	79.2	0.4%
Total (Gross emissions)	tCO^{2}e	41,358.8	34,418.4	-16.8%	289.6	325.6	12.4%
Energy Consumption	kWh	200,456,939	186,552,822	-6.9%	1,911,442	2,108.661	10.3%
Intensity Ratio (kWh/£100,000)	£/kWh	£2,005	£1,866	-	£19	£21	-

1 Calculated using the location-based approach.
2 Calculated as (Scope 1 + Location-Based Scope 2).
3 Global operations in 2023 totalled 34,744.0 tCO^{2}e compared to 41,648.4 tCO^{2}e in 2022. A 16.6% reduction against the selected baseline.

Table 2 - Global Greenhouse Gas (GHG) Emissions – Market-Based Figures

Global Operations (Market-Based)		UK Operations			USA Operations		
Metric	Unit	2021/22 Baseline	2022/23	Deviation	2021/22 (Baseline)	2022/23	Deviation
Scope 1 (Direct emissions)	tCO^{2}e	40,123.4	33,036.6	-17.7%	210.7	246.4	17.0%
Scope 2 (Indirect emissions)	tCO^{2}e	25.4	42.8	68.5%	78.9	79.2	0.4%
Total (Gross emissions)	tCO^{2}e	40,148.8	33,079.4	-17.6%	289.6	325.6	12.4%

1 Calculated using the market-based figures approach. Burneside and Crewe are on a certified green Electricity tariff.
2 Calculated as (Scope 1 + Market-Based Scope 2).
3 Global operations in 2022/23 totalled 33,405.0 tCO^{2}e compared to 40,438.4 tCO^{2}e in 2021/22. A 17.4% reduction against the selected baseline.

Methodology

- **GHG Protocol.**
  Greenhouse gas emissions are reported in accordance with the Greenhouse Gas Protocol Carbon Reporting and Accounting Standards.
- **Location-based Method.**
  The first table reports emissions according to the GHG Protocol's "location-based" reporting method, using grid-average emission factor data for all electricity generation sources.
- **Market-based Method.**
  The second table reports emissions according to the GHG Protocol's "market-based" reporting method, which accounts for renewable energy purchases which are used to support our operations.
- Both the Location-Based and Market-Based tables are provided to deliver an insight into the emission savings generated through our Green Tariff Electricity contracts, however, from a reporting perspective the guidance on this is likely to change.
- **Inventory Guidance.**
  US EPA was used to identify Scope 1 and Scope 2 emissions for our operations in Schenectady, USA.
- Group figures are compared to the selected base year to provide an indication of progress over time.

Sustainable Manufacturing

Decarbonisation and energy • Water • Waste and resource management

Priority Area	*Strategic Intent*	*UN Sustainable Development Goals*
Water	To reduce our water footprint by developing and embracing innovative solutions to close our water loop; minimising fresh water abstraction, reusing process water and recycling our effluent water back into the process.	

From our base amongst the Lake District fells, stewardship of the natural environment is integral to our business, along with a mutual respect and celebration of nature and conservation.

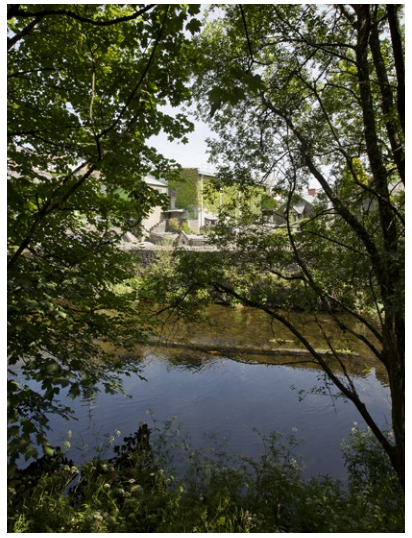
The Lake District's rivers are the beating heart of Britain's waterways. They have been shaped by industry and land management over many centuries, and all watercourses have at some point been modified or altered to create space for farming practices or industry.

This has exacerbated the effects of several severe flood events in recent years, with the area also suffering a severe decline in biodiversity.

With around 70% biodiversity loss around the world over the past 50 years, action on this is critical.

The weir removal at Bowston, a project proposed by South Cumbria Rivers Trust (SCRT) in agreement with James Cropper who owned the redundant low head dam, was the largest river barrier removal in the UK in 2022.

Removing Bowston weir has helped to re-naturalise this section of the River Kent – an internationally important site of special scientific interest and the primary water source for our operations – improve navigation for migratory species, reduce flood risks for residents and is set to provide a 44% biodiversity net gain.



Sustainable Manufacturing

Decarbonisation and energy • Water • Waste and resource management

Priority Area	*Strategic Intent*	*UN Sustainable Development Goals*
Waste and resource management	To commit to valuing waste across our operations and employ innovative solutions to minimise and repurpose waste.	

Plastic waste has been a growing environmental concern. In Europe alone, about 60 million tonnes of plastics are produced every year, while only 30% of it is recycled.

A new partnership established with one of the best plastic reprocessing companies in the UK, now means that the 5% of waste plastic that is removed by CupCycling is now being recycled locally, rather than going to energy from waste – UK recycling being the preferred option based on Life Cycle Analysis.

This technological step forward, means we have now been able to close the loop on our CupCycling technology.

The CupCycling development comes as we have commissioned new stretch packaging, that protects products from moisture ingress during transport. The new wrap contains 30% recycled content, and so is excluded from plastic tax, and has a high stretch percentage which has also enabled us to significantly reduce the amount of protective plastic packaging we use.

This work is the result of some fantastic collaborations with partners that have helped us achieve our 2025 pledge on plastic to the Ellen MacArthur Global Commitment.

In 2022, we extracted 103 tonnes of plastic from cup waste for recycling, and reduced plastic film wrap use within our business by 11 tonnes in the 5 months since the introduction of the new wrap (59% reduction over a comparable period the previous year).

RESPONSIBLE BUSINESS PRACTICES

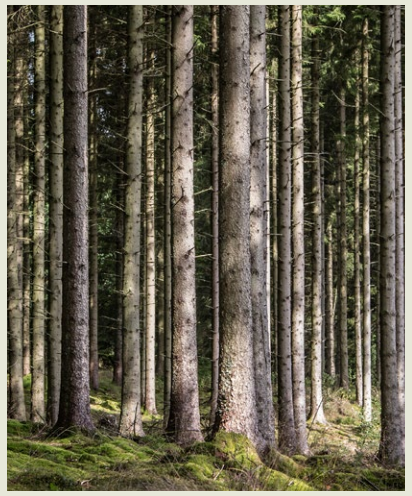
Our approach to raw material procurement supports sustainable sourcing and supplier partnerships, which in turn provides our customers with the confidence they require on the provenance of our materials.

Our growth and the impact we have is through market and technology niches in partnership with our customers.

Responsible Business Practices

Supply chain • Business ethics and risk • Materials with purpose

Priority Area



Supply chain

Strategic Intent

To ensure our suppliers operate to the same ethical and sustainable standards that the Company adheres to.

UN Sustainable Development Goals

Our commitment to sustainable sourcing is enabled by supply chain certification and transparency.

Confirming environmental integrity and social accountability is an increasingly important prerequisite in our upstream supply chains.

During 2022, we implemented our Supplier Code of Conduct (SCoC), and to date compliance by key supply chain partners issued with this SCoC is over 90%.

Responsible Business Practices

Supply chain • Business ethics and risk • Materials with purpose

Priority Area

Business ethics and risk

Strategic Intent

To operate responsibly, steering governance, best practice and in line with our core values throughout our operations.

UN Sustainable Development Goals

Our Code of Ethics and Behaviours (the Code) provides a guide to the values, behaviours, policies and procedures and the ways of working that are core to James Cropper. All employees are expected to uphold our values and behaviours.

Our People team keep a register to ensure that all employees have received a copy of the Code and that they are aware of, and understand, the responsibility that they have to ensure honesty and integrity are maintained wherever we conduct our business.

Responsible Business Practices

Supply chain • Business ethics and risk • Materials with purpose

Priority Area	*Strategic Intent*	*UN Sustainable Development Goals*
Materials with purpose	To create sustainable material solutions aligned to societal needs delivered in a fair, healthy and inclusive way.	9, 11, 12, 15, 17

Through the application of our intellectual property and innovative technologies, our smart solutions work to reduce our impact, and that of our customers on the environment.

A fantastic example is giving pre-loved denim cotton a new lease of life with the launch of Rydal Apparel. This beautiful paper for packaging is an industry first, and affirms our ongoing commitment to world class FibreBlend innovation and creating value from waste.

With eight billion pairs of jeans produced globally each year, fashion's favourite staple contributes significantly to the textile waste problem. According to the World Economic Forum, 73% of worn clothing is incinerated or sent to landfill when discarded. Only 12% is recycled for insulation or mattresses, and less than 1% is used to make new products.

Being cellulose-based, Rydal Apparel can be recycled after use in the standard paper waste stream, giving the discarded textile fibres a second, third, fourth life...

Another introduction to the portfolio is ECOVEIL, a new customisable range of highly porous sustainable nonwoven veils which are produced from naturally derived or recycled fibres.

These materials have been specifically developed for use in advanced composite structures for aerospace, automotive and sporting goods applications. Polymer composites achieve significant lightweighting benefits, improve the finish, fabrication or functionality of a component, whilst simultaneously providing the means to demonstrate environmental responsibility without compromising on performance.

In addition, Cocoon, the latest moulded champagne wrap for Maison Perrier-Jouët combines an aesthetic inspired by nature with a concern for environmental impact.

The Cocoon wrap hugs the champagne bottle, a minimalist design approach that fits well with new European guidelines on minimising wasted empty space across packaging formats.

Not only does the design focus on lightweighting, being a featherweight 49 grams which is 93% lighter than the previous gift box, it incorporates 5% agrifibre pulp derived from vine shoots. This is a great circular story for the brand, linking the by-product of winemaking to the champagne case.

PEOPLE AND SOCIETY

A lasting legacy of the pandemic has been the recognition of the need for a healthier world, with the wellbeing of the communities we depend upon a priority.

There was a massive increase in anxiety and stress reported by the World Health Organisation (WHO) throughout the pandemic, and concerns about mental health still remain elevated three years on. In recognition of this our employee engagement on wellbeing had a focus on mental health services and support.

People and Society

Employee well-being • Enhancing livelihoods • Local community

Priority Area

Employee well-being

Strategic Intent

We support our people's physical, mental and emotional wellbeing; balancing their work and personal responsibilities to help them to work safely and effectively.

UN Sustainable Development Goals

3, 4, 8, 10

Mental Health Foundation

During this last year we ran refresher training for our team of 12 mental health first aiders and ran mental health awareness campaigns throughout the business during Mental Health Awareness week in May and in the run up to World Mental Health Day in October, with information and advice provided by the Mental Health Foundation.

We have also developed an employee volunteering policy that allows 2 paid days off a year to do volunteer work in the local community. We ran a successful pilot scheme with Growing Well, a local mental health charity, and once fully reviewed we intend to roll the scheme out across the entire business.

People and Society

Employee well-being • Enhancing livelihoods • Local community

Priority Area

Enhancing Livelihoods

Strategic Intent

We are committed to providing meaningful work, generating a positive organisational culture and working environment which promotes diversity, inclusivity, personal development and respect.

UN Sustainable Development Goals

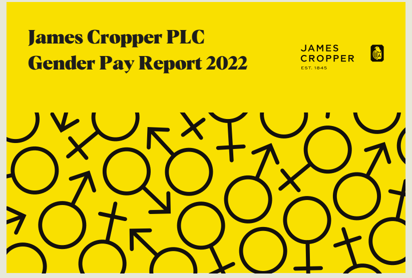
4, 5, 8, 10

At the heart of this commitment is fair pay, even more important in light of the global cost of living crisis.

Mindful of the of increasing financial burden being placed on families, the business offered some help to employees with a one-off payment of £1,000 (£0.6m total) in recognition of the escalating costs that everyone is facing.

Equality and diversity are essential to ensuring we run the business ethically for our valued employees, and our Gender Pay Report ensures transparency of data and our approach to improve equality for current and future employees.

The mean gender pay gap at James Cropper in 2022 was -0.5% and our continued focus will act as a catalyst, ensuring equality of pay in the workplace.



People and Society

Employee well-being • Enhancing livelihoods • Local community

Priority Area	*Strategic Intent*	*UN Sustainable Development Goals*
Local community	To be a force for good in society, and particularly by making a positive contribution in our local community, supporting social cohesion, economic prosperity and inclusive growth.	

It is well known that good literacy at an early age improves opportunities of all kinds in adulthood, and that children who read for pleasure are far more likely to go on to have a positive experience of school and much improved life chances.

In the UK alone, around one quarter of all children left primary school in 2022 unable to read to the required standard.

Libraries are an integral part of school life, and so when we were asked to support the modernisation of our local school library facility, to encourage a passion for reading with local pupils, the project was close to our heart. The cash donation helped the school to build its range of books covering religion, science, geography, history, and music to name a few.

Each year we make cash donations in the region of £10k to charities and good causes, and St Oswald's Primary School library is just one of the local projects that have received our support.

According to research, art and craft is a recognised way to alleviate systems of anxiety, depression and even loneliness, having positive benefits for mental health.

Bi-annually we donate redundant paper stocks to local schools, nurseries and community groups.

First initiated during the pandemic, we periodically run campaigns in the local community to support arts and crafts activities with free paper available to the public at local supermarkets.

OUR PEOPLE

Better employee experience

We recognise it is the passionate, committed, talented people we employ that will help us navigate through the changes and opportunities we have before us and help in delivering long term sustainable business growth.

To continuously strive in creating an employee experience and workplace where people want to be and are proud to work, where people feel rewarded and recognised for the contribution.

This is supported by the code of ethics and behaviours, over 86% employees have signed up to help us build a culture that embraces continuous performance improvement. To deliver modern business practices and ways of working that are efficient, flexible and responsive to our customers.

Employee engagement survey

Conducted annually, our Company-wide employee survey provides every employee the opportunity to voice what is working well and what are the changes that we need to make to improve and inspire our workforce.

Workplace improvements

We continue to invest in our working environments with the opening of the gym, unisex changing facilities, and the refresh of the canteen.

A steering committee is in place to lead further refurbishment across the Burneside site, in particular, to the finishing roof and the welfare facilities within the yard, security and engineering sites.

Early Careers

Attending our local schools career days as well as participating in the Windermere Science Festival are all ways in which we have been engaging with young individuals to show them the career possibilities here at James Cropper.

We have improved our work placement process, and with the encouragement and expertise of our employees, we have supported six individuals completing work experience placements. We currently experience a high demand of applicants from local schools and colleges.

From schools and colleges to university, we have given placement opportunities to two individuals within the ESG and TFP Technical teams. Supporting them to gain valuable knowledge to support their studies and provide us with fresh views and insight.

Celebrating apprenticeships, these have always been a valuable opportunity to grow talent, especially in Engineering. The introduction of the Apprenticeship Levy back in 2018 has enabled the scope of education to grow with a large proportion of our internally developed professional qualifications now funded through the Levy. In the past year, we have invested over £100k in our workforce.

We currently support 22 Apprenticeships in Engineering, Leadership, Administration and Procurement and Supply.

Equality and Diversity

As a Company with a global reach, we are committed to invest in our people and believe that equality and diversity are essential to attract and retain a modern and flexible workforce.

With over 600 employees based in the UK, we welcome the UK legislation requiring companies to report the percentage of female employees and the average difference in pay between women and men.

Our ambition is to continuously improve and reduce the gender pay gap, we are pleased to report for 2022 the mean gender pay gap at James Cropper is -0.5%.

This shows that on average, we at James Cropper, currently pay our female employees 0.5% more than our male employees. The median was -10.4%, a slightly wider proportion than previous years which is due to the breath of females spanning a broader range of responsibilities.

The transparency of our gender report enables us to continually develop new strategies to improve equality for present and future employees. We are committed to ensure this remains high on our agenda, independent to our financial goals.

We have made a number of changes to our family friendly policies with the creation of a fertility policy and enhancements to our maternity policy that allows James Cropper to be the supportive and modern employer and we will continue to work on other family friendly initiatives.

Developing Skills and Knowledge

We recognise personal development is extremely important, as was evident in the 2022 employee survey results. We want to ensure any change made to working practices is to the benefit of the individuals, by providing better training and more opportunity to up-skill for career progression within James Cropper and beyond.

Continuing to develop our leaders at all levels through LEAP, our leadership development programme, 35% of our leadership team have participated. The programme's ambition is to develop leaders who can provide direction and scope, set the standard for behaviour and performance, while treating their teams as individuals.

We are extremely proud to house a very talented pool of technical and strategic experts who are collectively all passionate about making a real material difference.

The Strategic Report is approved by the Board of Directors on 23 August 2023 and signed on its behalf by

Steve Adams
Chief Executive Officer

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BOARD OF DIRECTORS

Mark Cropper
Chairman

Appointed: October 2006
Independent: No
Committee Memberships:
Nominations (Chair), Remuneration, Pension, ESG
Qualifications: MA

Experience: Mark is the sixth generation of the Cropper family to hold this position. Following university, he pursued a career in environmental finance and renewable energy.

External appointments: Ellergreen Hydro Projects Ltd (Director), Paper Foundation (Director), Kendal Futures CIC (Director), Rydal Hydro Ltd (Director), Scandale Hydro Ltd (Director), Cropper Trustees LTD (Director), Ellergreen Trustees (Director), Ellergreen Group LLP (Designated Member)

Steve Adams
Chief Executive Officer,
MD, Paper Division

Appointed: August 2022
Independent: No
Committee Memberships:
Executive
Qualifications: BA (Hons)

Experience: Steve joined James Cropper in 2017 as MD of the Paper division. He has previously worked for 3M where he held Directorships and roles both in the UK and Europe covering display, traffic and vehicle safety, telecommunications, electronics and energy markets.

Patrick Willink
MD, Colourform™ Division

Appointed: March 1998
Independent: No
Committee Memberships:
Executive, Pension
Qualifications: BSc MBA

Experience: Patrick is the fourth generation of the Willink family, joining the Group in 1990, appointed Chief Technology Officer in 2014 and instrumental in the creation of the Colourform™ division. He was President of the Confederation of Paper Industries Ltd from 2014 to 2019.

External appointments: Confederation of Paper Industries Ltd (Director), Paper Foundation (Director)

James Gravestock
MD, Technical Fibre Products Division

Appointed: November 2021
Independent: No
Committee Memberships:
Executive
Qualifications: BA (Hons)

Experience: James previously worked for Halma PLC as Group Managing Director and prior to that holding a succession of successful commercial leadership roles in 3M.

Board and Executive Changes

The Company announced the resignation of Jim Aldridge, Company Secretary on 26 May 2023 and Isabelle Maddock, Chief Financial Officer on 14 June 2023 both with immedite effect.

Jim Sharp
Non-Executive Director

Appointed: September 2009
Independent: No
Committee Memberships:
Audit (Chair), Remuneration, Nomination, Pension
Qualifications: MA

Experience: Jim began his career in financial services with J. Henry Schroder & Co. from 1992 to 2002, where he was a Director. Since then he has held senior roles with a number of private equity backed businesses.

External appointments: The Cotswold Company (Chairman), The Brunner Investment Trust PLC (Director)

Lyndsey Scott
Non-Executive Director

Appointed: August 2019
Independent: Yes
Committee Memberships:
Remuneration (Chair), Audit, Nomination
Qualifications: BA DPM Grad IPM

Experience: Lyndsey has spent most of her career in multi-national organisations and management consultancy across different sectors, most recently with International Personal Finance PLC as Chief Human Resources Officer. She brings experience in strategy creation, planning and delivery of large scale cultural and performance change.

External appointments: International Personal Finance PLC (Chief HR Officer)

Sarah Miles
Non-Executive Director

Appointed: November 2021
Independent: Yes
Committee Memberships:
Audit, Remuneration, Nomination
Qualifications: MA

Experience: Sarah has a strong track record in a number of Executive Director roles. She is currently the CEO of hush, was CEO at Feelunique and Sephora UK and has held Executive roles in Amazon and Diageo. As a Non-Executive Director, she brings a wealth of commercial experience.

External appointments: hush (Chief Executive Officer), Member of the Board of The British Retail Consortium.

Martin Court
Senior Independent
Non-Executive Director

Appointed: November 2021
Independent: Yes
Committee Memberships:
Audit, Remuneration, Nomination,
Qualifications: BSc (Eng), PHD

Experience: Martin has a strong track record as both an Executive and Non-Executive roles in the chemicals and materials sectors. His experience in strategy, innovation-driven growth and expansion in commercial and technical capacities will support the Group's growth plans.

External appointments: Victrex PLC (Executive Director and Chief Commercial Officer, including Directorships of a number of subsidiaries)

Sir James Cropper
Honorary President

Sir James resigned from the Board in 2013 after 47 years of distinguished service within the Company.

Sir James was appointed the first Honorary President of James Cropper PLC in 2013. Sir James was HM Lord-Lieutenant of Cumbria from 1994 until 2012.

CORPORATE GOVERNANCE STATEMENT

"ON BEHALF OF THE BOARD, I AM PLEASED TO INTRODUCE THE CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 1 APRIL 2023. OUR AIM IS TO PROVIDE A MODERNISED APPROACH TO OUR WORKING ENVIRONMENTS WHILST MAINTAINING BEST PRACTICE FOR A GROUP OF OUR SIZE AND COMPLEXITY. TO BUILD A DIVERSE BUSINESS ACROSS MULTIPLE MARKETS AND GEOGRAPHIES."

Chairman's introduction to Corporate Governance

Throughout 2022, our focus has been about repositioning the Company for greater sustained growth. To build a diverse business across multiple markets and geographies. Leading with our purpose, and in line with our values, the Board strives to be caring, responsible and forward-thinking, as we adapt and deliver our strategy at pace.

We continue to listen to our stakeholders, review how we operate as a Board, introduce and update our policies to build a stronger employee value proposition. Our aim, as ever, is to provide a modernised approach whilst maintaining best practice for a Group of our size and complexity.

As a Board, we remain committed to maintaining the highest standards of corporate governance, placing significant emphasis in ensuring we have the appropriate governance structures in place.

Moving forward, and as we foresee more complexity in transitioning to an advanced materials and paper products group, we will provide strength in our leadership in compliance and corporate governance by creating a new role of General Counsel and Company Secretary to support the delivery in our accelerated growth strategy.

Throughout the year, the Board continues to address the negative voting issues raised, consulting with key shareholders, external advisors and our NOMADs. The matters raised mainly concerned the independence of one of our Non-Executive Directors, and myself, with concurrent tenure on the Board exceeding nine years and also includes the construct of my remuneration.

This resulted in a new service construct for the role of Chairman, with effect from April 2022. My role as Chairman will be constructed as a purely Non-Executive role. The current LTIP awards will be honoured by the Board, subject to being vested in accordance with the set targets. These will be the only benefits that may be awarded in the future as Chairman.

With respect to independence, a succession plan is underway for Jim Sharp. An announcement will be forthcoming within the financial year 2023-2024.

And finally, with Board approval, we have closed the year operating our long-term and annual incentive plans for the Executive Directors with better alignment to our strategic objectives, personal targets and ESG goals.

Board responsibility and strategic direction

The Board acknowledges its collective responsibility for ensuring the long-term success of the Group by demonstrating strong leadership, setting strategy and business models, managing performance and ensuring the necessary resources are in place to deliver.

It also holds itself accountable for looking after the needs of all its stakeholders, including employees, pensioners, shareholders and the broader community and environment.

Since the appointment of Steve Adams as Chief Executive Officer in August 2022, both I and the Non-Executive Directors are fully supportive of the strategic direction being taken by the Executive team in repositioning James Cropper to capitalise on growth opportunities within its core and emerging end-markets. The CEO Review is on pages 10 to 16 in the Annual Report.

Sub-committees

There are six sub-committees reporting to the Board:

- Executive Committee
- Remuneration Committee
- Audit Committee
- Nomination Committee
- Pensions Committee
- ESG Committee

All sub-committees exercise their duties in compliance with all relevant legislation, regulation and guidance.

All sub-committees are supported by both internal and, where relevant, external advisers to ensure their duties are satisfactorily and professionally fulfilled.

Stakeholder engagement

The Board is keen to ensure ongoing and effective communication with all stakeholders. Further reading on stakeholder engagement can be found in our Section 172 (1) statement on pages 26 to 27.

Mark Cropper

Mark Cropper
Chairman
23 August 2023

Governance Statement

The Company's shares are listed on AIM and are subject to the AIM Rules of the London Stock Exchange. Under AIM rule 26, the Company has adopted the QCA Corporate Governance Code (2018 edition). We believe that the QCA Code provides us with the right governance framework: a flexible but rigorous outcome-orientated environment in which we can continue to develop our governance model to support our business.

Role of the Board

The role of the Board is to establish the vision and strategy for the Group, to deliver shareholder value and be responsible for the long-term success of the Group. Individual members of the Board have equal responsibility for the overall stewardship, management and performance of the Group and for the approval of its long-term objectives and strategic plans.

The Board continues to have a balance of Executive and Non-Executive Directors. Currently, The Board comprises a Non-Executive Chairman, four Non-Executive Directors (three of these are independent) and four Executive Directors.

The members of the Board maintain the appropriate balance of experience, independence and knowledge of the Company to enable them to discharge their respective duties and responsibilities and to ensure that the requirements of the business can be met.

Division of responsibilities

There is a clear division of responsibilities between the role of the Chairman and that of the Chief Executive Officer of the Group. The primary responsibility of the Chairman is to lead and manage the Board and that of the Chief Executive is to manage the business of the Group.

The Chairman

Mark Cropper is the Chairman. He is responsible for leading and managing the Board and ensuring its effectiveness in all aspects of its role. He works closely with the Chief Executive on developing Group strategy and provides general advice and support.

The Chief Executive Officer

Steve Adams is the Company's Chief Executive Officer. His principal responsibility is to manage the Group's business and to lead the Executive Committee in delivering the Group's strategic and operational objectives.

The Non-Executive Directors

One of the Non-Executive Directors and the Chairman, although deemed not to be independent under the QCA Code, are considered by the Board to be independent in both character and judgement and provide unequivocal counsel and advice to the Board. All of the Non-Executive Directors constructively challenge the Executive Directors and help develop proposals on strategy, including satisfying themselves on the integrity of financial information and ensuring financial controls and systems of risk management are robust. All Non-Executive Directors are members of the Remuneration and Nomination Committees, and all the Non-Executive Directors except Mark Cropper are members of the Audit Committee.

The Operation of the Board

The Board has the authority for ensuring that the Group is appropriately managed and achieves the strategic objectives it sets. To achieve this, the Board reserves certain matters for its own determination including matters relating to Group strategy, approval of interim and annual financial results, dividend policy, major capital expenditure, budgets, monitoring performance, treasury policy, risk management, corporate governance and the effectiveness of its internal control systems. The Board performs its responsibilities through an annual programme of meetings and by continuous monitoring of the performance of the Group.

Board Committees

The Board has delegated specific authority to the Audit Committee, Nomination Committee, Remuneration Committee, Pension Committee and the ESG Committee.

Jim Sharp is the Chair of the Audit Committee which also comprises the other Non-Executive Directors, except Mark Cropper. The Audit Committee has the primary responsibility for monitoring the quality of internal controls, ensuring that the financial performance of the Group is properly measured and reported on and reviewing reports from the Group's auditors relating to the Group's accounting and internal controls. The Audit Committee meets at least twice a year.

Mark Cropper is the Chair of the Nomination Committee which also comprises the other Non-Executive Directors.

The Nomination Committee will identify and nominate, for approval by the Board, candidates to fill Board vacancies as and when they arise. The Nomination Committee will meet as and when required.

Lyndsey Scott is the Chair of the Remuneration Committee which also comprises the other Non-Executive Directors. The Remuneration Committee reviews the performance of the Executive Directors and determines their terms and conditions of service, including their remuneration and the grant of options. The Remuneration Committee will meet at least twice a year.

Isabelle Maddock was the Chair of the Pension Committee, with the responsibility handed over to the CEO, Phil Wild in April 2022. This also comprises Mark Cropper, Jim Sharp and Patrick Willink. Steve Adams took the Chair responsibility with his appointment as CEO in August 2022.

The Pension Committee has the primary responsibility for reviewing and approving the objectives of the James Cropper PLC Pension Schemes on all material matters of importance. It monitors performance of the Schemes and considers recommendations and reports from management in relation to policy and strategy concerning pensions and investment matters. The Pension Committee meets as and when required throughout the year.

Isabelle Maddock was the Chair of the ESG Committee during the period, with responsibility handed over to the CEO, Phil Wild on 6 July 2022, which also comprises Mark Cropper. Steve Adams took the Chair responsibility with his appointment as CEO in August 2022. Details of the actions of the ESG committee can be found on page 37 to 47 of the Annual Report. The ESG Committee meets at least four times a year.

Board and Committee Meetings

The Board held five Board meetings throughout the period, scheduled to coincide with the internal financial reporting timetable of the Company and key events including interim and final results, and the AGM. Specific strategic topics are reviewed at every Board meeting.

The Board's responsibilities are discharged with reviews of monthly reports from the Executive Committee including conference calls with the Chief Executive and Group Finance Director with further ad hoc meetings held as and when required.

Board members are supplied with financial and operational information in good time for review in advance of meetings both via an electronic portal and in hard copy.

All Directors have access to the advice and services of the Company Secretary. The Board approves the appointment and removal of the Company Secretary. The Non-Executive Directors are able to contact the Executive Directors, Company Secretary or Senior Managers at any time for further information.

Attendance at Board and Committee Meetings during FY2023

Board Member	Board	Nomination Committee	Audit Committee	Remuneration Committee
Mark Cropper	5/5	1/1	-	4/5
Phil Wild*	2/5	-	1/2	-
Steve Adams	5/5	-	-	-
Isabelle Maddock*	4/5	-	1/2	-
James Gravestock	5/5	-	-	-
Patrick Willink	5/5	-	-	-
Jim Sharp	4/5	1/1	2/2	5/5
Lyndsey Scott	5/5	1/1	2/2	5/5
Martin Court	4/5	1/1	2/2	5/5
Sarah Miles	4/5	1/1	2/2	5/5

*No longer a member of the Board

Effectiveness

Board Composition

A strong feature of the Board's effectiveness in delivering the strategy is our inclusive and open style of management and a free flow of information between the Executive and Non-Executive Directors.

The size of our Board encourages individuals to discuss matters openly and freely and to make a personal contribution through the exercise of their personal skills and experience. No individual or group of individuals dominate the Board's decision making process.

All Directors communicate with each other on a regular basis and contact with senior executives within the Group is sought and encouraged.

Diversity

Vacancies on the Board are filled following a rigorous evaluation of candidates who possess the required balance of skills, knowledge and experience, using recruitment consultants where appropriate.

The process for the appointment of Non-Executive Directors is managed by the Nomination Committee.

The Company recognises the importance of diversity at Board level and the Board comprises individuals with a wide range of skills and experience from a variety of business backgrounds. At the period of year end, our female representation on the Board is 30%.

Appointment of Non-Executive Directors

Non-Executive Directors are appointed to the Board following a formal, rigorous and transparent process, involving external recruitment agencies, to select individuals who have a depth and breadth of relevant experience, thus ensuring that the selected candidates will be capable of making an effective and relevant contribution to the Board. The process for the appointment of Non-Executive Directors is managed by the Nomination Committee.

Terms of appointment and time commitment

All Non-Executive Directors are employed on contracts of one month's notice by either side. All Non-Executive Directors are expected to devote such time as is necessary for the proper performance of their duties. Directors are expected to attend all Board meetings and committee meetings of which they are members and any additional meetings as required.

Induction and professional development

New Directors are given a formal induction process including details of how the Board and committees operate, meetings with senior management and information on Group strategy, products and performance. Training and development needs of Directors are reviewed regularly.

The Directors are kept appraised of developments in legal, regulatory and financial matters affecting the Group from the Company Secretary, the Chief Executive, the Chief Financial Officer and the Group's external auditors and advisers.

Professional advice

All Directors have access to the advice and services of the Company Secretary. The Board has also established a formal procedure whereby Directors, wishing to do so in the furtherance of their duties, may take independent professional advice, if necessary, at the Group's expense.

Training

All Directors are aware of their responsibility to regularly update their skills and knowledge.

Board and Committee evaluation

The Board, its committee and Chairman's evaluations are completed by the Senior Independent Director. With Non-Executive Directors and CEO reviews completed by the Chairman.

During the year, a comprehensive evaluation of the Board and its committees was undertaken. The process involved the completion of a questionnaire by all Directors, and individual discussions with each Board member. A summary of the results and key findings was discussed at the Board with an action plan for improvements agreed.

It was recognised that the structure and quality of the board meetings was much improved with new insight often arising from the discussions. The subcommittee format were confirmed as appropriate although there are opportunities to enhance their contribution to the broader Board agenda, including the flow of information between the Board and the subcommittees.

As there has been a number of recent changes to the Board membership it was felt that more interaction between the Board outside of meetings would enhance the cohesion of its membership.

The Board recognises that evaluation of its performance is important in enabling it to realise its maximum potential. The process gives the Directors the opportunity to identify areas for improvement both jointly and individually

Election and re-election of Directors

In accordance with the Company's Articles of Association all Directors will stand for re-election at the Annual General Meeting.

Any Non-Executive Directors with service greater than nine years are subject to re-election at each Annual General Meeting.

Risk Management

The Group's corporate objective is to maximise long-term shareholder value. In doing so, the Directors recognise that creating value is a reward for taking and accepting risk. The Directors consider risk management to be crucial to the Group's success and give a high priority to ensuring that adequate systems are in place to evaluate and limit risk exposure.

Internal Control

The Board are responsible for the Group's system of internal control and for reviewing its effectiveness.

In the context of the Group's business any such system can only reasonably be expected to manage rather than eliminate risks arising from its operations.

It can therefore only provide reasonable and not absolute assurance against material loss or misstatement.

Going Concern

In carrying out their duties in respect of going concern, the Directors carry out a review of the Group and Company's financial position and cash flow forecasts for at least 12 months from the date of approval of the financial statements.

These are based on a comprehensive review of revenue, expenditure and cash flows, taking into account specific business risks and the current economic environment.

For further details on Going Concern please refer to the viability statement in the Risk Management report (pages 21 to 25).

Relations with shareholders

The Board appreciates that effective communication with the Company's shareholders and the investment community as a whole is a key objective.

The Chairman's Statement, the Chief Executive's Statement and the Strategic Report and Financial Review, together with the information in the Annual Report of the Group, provide a detailed review of the business.

The Executive Directors have overall responsibility for ensuring effective communication and the Company maintains a regular dialogue with its shareholders, mainly in the periods following the announcement of the interim and final results, but also at other times during the year.

The Board encourages the participation of shareholders at its Annual General Meeting, notice of which can be found on the Company's website. The Company's website 'www.jamescropper.com' is regularly updated and provides additional information on the Group.

Feedback from the shareholders attending the Annual General Meeting and attendees at presentations to major shareholders and potential investors are discussed by the Board.

Martin Court is the Senior Independent Non-Executive Director.

Annual General Meeting (AGM)

At every AGM, Directors provide updates on the progress of the business and insights into different areas of the business, and allows the opportunity for questions on this or any of the resolutions before the meeting.

The Company proposes separate resolution for each issue and specifically relating to the Reports and Accounts.

The Company ensures all proxy votes are counted and indicates the level of proxies on each resolution along with the abstentions after it has been dealt with on a show of hands.

After the meeting, shareholders have the opportunity to talk informally to the Board and raise any further questions or issues they may have.

Mark Cropper

Mark Cropper
Chairman
8 August 2023

COMPLIANCE WITH THE QCA CORPORATE GOVERNANCE CODE

PRINCIPLE	COMPLIANCE
1. Establish a strategy and business model which promote long-term value for shareholders	• The Group strategy is set out on pages 05 to 48 in the Strategic Report section of our Annual Report. • The Executive Committee hold quarterly away days to focus on the Group's rolling strategic plan. • The Board reviews the strategic plans throughout the year.
2. Seek to understand and meet shareholder needs and expectations	• Investor roadshow meetings are undertaken at least twice per year following the preliminary and interim announcements. • Shareholders are invited to the AGM held in Burneside where all Board members interact with our shareholders on a one to one basis and take questions as they arise. • Shareholder feedback is received from our NOMADs and all shareholder feedback is discussed at Board meetings. • Further reading: Section 172(1) statement on pages 26 to 27 of the Annual Report.
3. Take into account wider stakeholder and social responsibilities and their implications for long-term success	**Employees** • Regular meetings take place with employees to share strategy, keep employees updated and seek feedback. • The Company conducts an annual employee survey with the latest level of engagement (2023) at 68%. • The Company's strategy is communicated to all employees at half yearly employee briefings. **Customers** • Communications with our customers is fundamental to our success. The Group engages in continuous communications with our customers to understand their needs, share our plans, and nurture the collaborative partnership. **Suppliers** • Our collaborative attitude allows us to claim over a 100 year partnership with one supplier and at the same time build new partnerships with new suppliers. **Community** • The Company has very close links with the local community built on our 178 year presence at Burneside. The Group supports local organisations through its community support team with donations this year amounting to £6,327. **Environment** • We are proud that our moulded fibre operation has been awarded a gold medal rating by EcoVadis the world's largest provider of business sustainability rating. We have also co-created the first 100% plastic free poppy for the Royal British Legion. • Further reading – Section 172 (1) statement on pages 26 to 27 of the Annual Report.
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation	• The Group significant risks are reviewed throughout the year. • Risk is a fixed item agenda for both the Executive Committee and Board meetings. • The significant risks are disclosed in the Strategic Report within the Annual Report on pages 05 to 48.
5. Maintain the Board as a well-functioning, balanced team led by the Chair	• The Board is led by our Non-Executive Chairman, Mark Cropper. • The Board comprises a Non-Executive Chairman, four Non-Executive Directors and four Executive Directors. • The members of the Board maintain the appropriate balance of experience, independence and knowledge of the Company. • Details of the composition, operation and responsibilities, together with details of the sub-committees can be found in the governance section of the Annual Report on pages 49 to 68.
6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	• The current Board has significant sector, financial and PLC experience. • Between them, the Executive Directors have many years of broad experience in the nonwoven fibre manufacturing industry. • With the support of our NOMADs and advisors, the Board training and development needs are maintained. • Biographies on all Directors are shown on pages 50 to 51 of the Annual Report.
7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	• A comprehensive Board evaluation is undertaken annually commencing with a questionnaire, compilation of a summary of results and feedback at a board meeting. The results are discussed and actions taken to improve in areas where required. • The process gives the Directors the opportunity to identify areas for improvement both jointly and individually through the use of questionnaires and open discussion. • The Remuneration Committee evaluates Executive Director performance alongside remuneration and reward. • With regards to financial performance, the Audit Committee meets with the Auditors to plan the year-end audit, followed up by a meeting to review the results of the audit. • Training and development needs of Directors are reviewed regularly by the Nomination Committee.
8. Promote a corporate culture that is based on ethical values and behaviours	• Our Values and culture are embodied in the Group's management behaviour, our recruitment and employee development processes. • Our Values and behaviours help us ensure we provide a safe, rewarding and interesting place to work as well as an environment that attracts new talent. • Our Values can be found on page 02 of the Annual Report.
9. Maintain governance structures and processes that are fit for purpose and support good decision making by the Board	• The Board meets five times per year plus a further two strategy days. • The Group has robust internal controls, delegated authorities and authorisation processes. • The controls are subject to review both internally and externally by our Auditors. • A culture of continuous improvement is encouraged. • The Group website describes the roles and terms of reference for the Committees.
10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	• Communications with shareholders are explained in Principle 2 above. • In addition to the interim and full year investor roadshows, meetings with our NOMADs, prospective investors and other stakeholders arise during the year. • The work of the subcommittees is described in the governance section of the Annual Report on pages 49 to 68. • The website includes historical announcements, copies of the Annual and Interim Reports and copies of any presentations made.

REPORT OF THE AUDIT COMMITTEE

"I AM PLEASED TO INTRODUCE THE AUDIT COMMITTEE REPORT FOR THE PERIOD ENDED 1 APRIL 2023. DURING THE YEAR, IN ADDITION TO CARRYING OUT ITS USUAL RESPONSIBILITIES, THE AUDIT COMMITTEE UNDERTOOK A PROCESS TO RECOMMEND THE APPOINTMENT OF A NEW AUDITOR FOLLOWING THE RESIGNATION OF BDO."

Statement from the Chair of the Audit Committee

The Audit Committee provides independent scrutiny and challenge to ensure that the Group presents a true and fair view of its performance, focusing on the accuracy, integrity and communication of financial reporting.

Composition

The Committee comprises of the following members:

- Jim Sharp (Chair)
- Lyndsey Scott
- Martin Court
- Sarah Miles

Three of the Committee members are independent Non-Executive Directors. The Chair has been a Non-Executive Director for thirteen years.

Following a Board review, it was agreed by the Board that Jim Sharp will remain the Chair of the Committee for the next year. He is considered to be independent in judgement and character by the Board.

All Committee members have relevant knowledge both of the sectors in which the Group operates and of the Group itself, and are considered to have appropriate knowledge and understanding of financial matters and risk management.

The Committee is regularly supported by the Chief Executive Officer and Chief Financial Officer. This composition allows the Committee to maintain appropriate levels of objectivity and independence when providing assurance over the Group's systems, operations and financial probity.

Role of the Committee

The Committee operates under formal terms of reference, reviewed annually and available on the Company's website jamescropper.com.

The Committee's agenda included the regular matters reserved for its review during the annual financial reporting cycle, including the review of the audit plan and a review of the audit findings for 2022-2023, with the auditors Grant Thornton UK LLP, which helps ensure it has appropriately discharged its responsibilities during the year, having operated in compliance with relevant legal, regulatory and other responsibilities.

The Committee reviewed the annual report and other financial statements during the year to ensure that they were fair, balanced and understandable. It then recommended those reports to the Board for approval.

The Committee has reviewed the recommendations for improvement as relevant to its operation, arising from the Board evaluation undertaken during the year and is taking action to improve the relevance of information shared with the Board.

Change of auditors

Grant Thornton UK LLP was approved as the Company's auditor by the Board on 14 October 2022 to fill the causal vacancy that arose on the resignation of BDO as Auditor. BDO resigned as auditor for commercial reasons.

The Committee undertook a tender exercise, inviting nine audit firms to submit proposals to act as the Company's auditor.

The Committee recommended to the Board that Grant Thornton UK LLP be appointed as auditor of the Company and the Board approved their appointment on 2 November 2022.

This decision was based on the strength of their proposal which demonstrated their ability to conduct the audit to the highest standards at an acceptable cost.

Grant Thornton UK LLP has agreed to stand for appointment at the Company's AGM on 26 September 2023.

External audit

The Committee is responsible for overseeing relations with the external auditor, including the approval of their terms of engagement, and makes recommendations to the Board on their remuneration and appointment and, where appropriate, reappointment, based on reviews of audit effectiveness.

The Committee meets with the Auditor every year to review and agree the audit plan. Following the appointment of Grant Thornton UK LLP and their review of BDOs files a new audit plan was approved by the Committee in February 2023.

In addition, the Auditor reports back to the Audit Committee on the outcome and findings following each audit.

The Committee continues to provide independent and robust challenge to management and our auditors to ensure there are effective controls in place and appropriate judgements made.

Non-audit services

Grant Thornton UK LLP have previously carried out non-audit services related to a finance function development project prior to their appointment as auditors.

These services involved no management decisions and a separate engagement team from the audit team was used by Grant Thornton UK LLP. No further non-service work will be undertaken by Grant Thornton UK LLP.

Principal risks

The principal risks were reviewed during the year and are considered by the Board throughout the year.

Our principal risks can be found on pages 21 to 25 in the Strategic Report section of the Annual Report.

We continue to develop our cultural people-driven approach to risk management, which we believe encourages focus on prevention rather than reaction to risks arising.

Whistleblowing

We are committed to building a responsible culture where individuals who disclose wrongdoing can do so confidently and without fear of retaliation through our whistleblowing policy. This is embodied in our Code of Ethics and Behaviours, which detail the standards and ways of working expected of all employees and which are applicable to all parts of the Group.

During this current year we will be partnering with an external company which specialises in operating confidential telephone reporting systems to provide an independent service and assurance to callers of confidentiality and, where they request it, anonymity.

Anyone reporting apparent misconduct honestly, and in good faith, will be supported by us.

Future matters for consideration

In addition to the standing agenda items, the Committee intends to continue to monitor legislative and regulatory changes that may impact the work of the Committee; implement areas for improvements as identified in the Board evaluation; and monitor the effectiveness of the external audit process.

Jim Sharp
Chair to the Audit Committee
23 August 2023

REPORT OF THE NOMINATIONS COMMITTEE

"I AM PLEASED TO PRESENT THE NOMINATIONS COMMITTEE REPORT FOR THE PERIOD ENDED 1 APRIL 2023. DURING THE FINANCIAL YEAR, THERE HAS BEEN A CHANGE IN THE BOARD, WITH THE APPOINTMENT OF STEVE ADAMS TO CHIEF EXECUTIVE OFFICER."

Statement from the Chair of the Nominations Committee

Composition

The Committee comprises of the following members:

- Mark Cropper (Chair)
- Jim Sharp
- Lyndsey Scott
- Martin Court
- Sarah Miles

The main responsibilities of the committee include:

- Leading the process for Board appointments and making recommendations to the Board about proposed appointments;
- Evaluating the skills, experience and knowledge of the Board;
- Working with management in relation to inclusion and diversity within the Board; and
- Consideration of the succession plan for the Board and senior management.

The Committee operates under formal terms of reference, which are reviewed annually.

Board and Executive Changes

In August 2022, Phil Wild stepped down as Chief Executive Officer.

Encouraging the development of existing internal talent is beneficial to both the Company and its people and we are pleased to have appointed Steve Adams, former Executive Director and Managing Director of our Paper Division as Chief Executive Officer.

Steve joined the Company in 2017 and has a strong commercial background and with leadership experience previously gained at 3M, making him well placed to lead the Company into its next chapter.

Martin Court was appointed Senior Independent Non-Executive Director.

Biographies of all Directors can be found on the Board of Directors section (page 50 to 51).

Post year end, Jim Aldridge departed the business in May 2023 as Company Secretary.

The Company also announced the resignation of Isabelle Maddock, Chief Financial Officer on 14 June 2023.

“I would like to thank Phil, Jim and Isabelle for their contributions to the Company. Each one of them were long-serving valued members of James Cropper and carefully led the business through challenging times, including the Covid pandemic, as well as creating the strength and discipline that will enable James Cropper to continue to deliver its growth ambitions.”

In April 2023, the Board made a senior level appointment with the move of Patrick Willink from Managing Director of Colourform™ to the new position of Chief Innovation Officer for the Group.

At the end of this calendar year, Andrew Goody will join the Board of Directors as Chief Financial and Operations Officer (CFOO).

Andrew has over 20 years’ experience as a Finance Director across a variety of sectors. He is currently the Finance Director for Bibby Marine Ltd.

“I am delighted Andrew will be joining James Cropper as CFOO, Andrew’s extensive experience in financial, commercial and business transformation will be a great addition to the senior team as James Cropper delivers on its growth strategy.”

Finally, I am pleased to announce that Matthew Ratcliffe will be joining James Cropper in September 2023 into a newly created role as General Counsel and Company Secretary. Matthew will sit on the Executive Committee.

Matthew is a solicitor and joins us from Carr’s Group PLC where he has held the position of Group Legal Director and Company Secretary since 2016.

On an interim basis, the Company has appointed Link Market Services Ltd to act as Company Secretary for the Company.

Board appointment process

The Committee assesses the balance, skills, knowledge, experience, independence and diversity of the Board to identify any gaps and consider the need for refreshment.

For the recent Executive appointment, regard was given to the succession plan.

For the external candidate appointments, profiles were created in conjunction with a specialist recruitment firm.

An initial long list of candidates were interviewed by the CEO and Director of People & Culture in the first instance.

The short list of candidates was then further assessed against the candidate profiles and also interviewed by Committee members. Short listed candidates were invited to a tour of the main site and the opportunity to meet some of the Executive Directors.

After careful consideration, the Committee made proposals to the Board, which were accepted.

Diversity

The Company is committed to diverse and inclusive practices with equality of opportunity amongst its employees and its Board members.

The Company acknowledges the value of diversity in its widest sense and its contribution towards effective Board operations and decisions.

Training

All Directors are encouraged to keep up to date with relevant legal and governance matters, best practice and evolving areas of risk.

The Directors are supported to undertake any other professional development identified as necessary or desirable.

An induction programme is in place for new Board members including meeting with Directors and senior managers and visiting the main site.

Mark Cropper
Chair to the Nominations Committee
23 August 2023

REPORT OF THE REMUNERATION COMMITTEE

"I AM PLEASED TO INTRODUCE THE DIRECTORS' REMUNERATION REPORT FOR THE PERIOD ENDED 1 APRIL 2023. THIS REPORT INCORPORATES INFORMATION ON HOW WE INTEND TO IMPLEMENT DIRECTORS' REMUNERATION IN THE YEAR TO MARCH 2024, INFORMATION ON OUR DIRECTOR'S REMUNERATION POLICY AND THE ANNUAL REMUNERATION REPORT. AS AN AIM-QUOTED COMPANY, THE INFORMATION IS DISCLOSED TO FULFIL THE REQUIREMENTS OF AIM RULE 19. JAMES CROPPER PLC IS NOT REQUIRED TO COMPLY WITH THE LARGE AND MEDIUM-SIZED COMPANIES AND GROUPS (ACCOUNTS AND REPORTS) (AMENDMENT) REGULATIONS 2013. THE INFORMATION IS UNAUDITED EXCEPT WHERE STATED."

Statement from the Chair of the Remuneration Committee

Our Directors' remuneration policy

Our remuneration policy is designed to attract and retain individuals with the talent, experience and leadership skills required to enable us to run the Group successfully and achieve our strategic objectives.

Our remuneration policy is closely aligned with our long term strategic goals and our approach to risk management.

The Remuneration Committee recognises that a significant proportion of remuneration should be structured so as to link reward to corporate and individual performance and be designed to promote the long-term success of the Group.

As outlined in last year's report, in 2022 the Company introduced a new executive annual bonus and LTIP construct for our Executive Directors for the period ended 1 April 2023 and future years.

Our policy, reflecting this new construct, is set out in the policy section below.

Business context and Remuneration Committee decisions on remuneration

The Company has made significant progress since 2022 in repositioning James Cropper to capitalise on growth opportunities within its core and emerging end-markets.

The fast-growing renewable energy and decarbonisation markets are creating an ever-greater need for novel and high-performance materials, while sustainable fibres, and low, or zero, carbon processing are driving growth within paper and packaging.

The last twelve months have presented challenges through market volatility and economic turbulence, with high energy and raw material costs prevalent.

We continue to show resilience towards these external challenges as the Group experienced strong demand and retained contracts throughout the period across all divisions, with over 24% revenue growth in the year to 1 April 2023.

AGM and changes to Directors' remuneration

We put our Directors' Remuneration Report to an advisory vote at our AGM in July 2022 and it was supported by 87.2% of votes cast with 12.8% of votes cast against the resolution and a further 1.25m shares abstained.

One proxy adviser recommended shareholders vote against this resolution on the grounds that our Chairman received LTIP awards and other remuneration during the year to March 2022.

The remuneration construct of our Chairman was reviewed during FY2022.

From 1 April 2022, executive benefits and future LTIP awards were removed from his remuneration. As such, our Chairman received no LTIP awards in FY2023. In considering this new construct, the Committee commissioned independent external advice and benchmarking for a revised Chairman single fee.

This external advice was considered and the Chairman's fee was changed to a single fee of £130,000 per annum.

In addition to these changes, the Company now applies a two year post vesting holding period to share awards to Executive Directors made under both the Company's annual bonus plan and its LTIP.

Directors' Remuneration in year to March 2024

For FY2023, Executive Director salaries were increased by 3.8% which is 50% of the UK Company wide pay increase. Following a formal national negotiation and ballot the collectively bargained pay award for the paper industry was settled at 7.6% as from 1 April 2023.

The fees of the Chair and other Non-Executive Directors will not be increased for FY2024. The Chair's fee will remain at £130,000 and Non-Executive Director fees will remain at £37,440.

Due to variances in the Non-Executive Directors pay, a decision was made to align and inact all pay in April 2022.

The Annual bonus and LTIP will be operated in a similar way to last year and in line with the policy table set out on page 63.

The remainder of this report is split into the following two sections:

- Directors' Remuneration Policy setting out the Group's current remuneration policy.
- Annual Report on Remuneration providing details of the payments made to Directors in the period.

Lyndsey Scott
Chair of the Remuneration Committee
23 August 2023

Annual Remuneration Report for 2023

Remuneration Committee

The Remuneration Committee comprises the following members:

- Lyndsey Scott (Chair)
- Mark Cropper
- Martin Court
- Sarah Miles
- Jim Sharp

Committee Responsibilities

The Remuneration Committee has responsibility for setting the remuneration policy for all Executive Directors and the Chairman of the Board, including pension rights and any compensation payments.

This includes reviewing the performance of the Executive Directors and determining their terms and conditions of service, their remuneration and the grant of any options, having due regard to the interests of the shareholders.

The remuneration of senior management is discussed by the Chair of the Remuneration Committee and the Chief Executive and their recommendations considered and if deemed appropriate, approved by the Remuneration Committee.

No Director can take part in any discussion concerning their own reward.

The Remuneration Committee meets at least twice a year and otherwise as required. The Committee operates under formal terms of reference which are reviewed annually.

Remuneration policy

The Remuneration Committee will periodically review the policy to confirm that our remuneration framework continues to support the delivery of our business objectives.

In developing this policy, the Remuneration Committee takes into account the best interests of the business and the agreed terms and conditions of employment for each Director of the Group.

Our overall remuneration philosophy aims:

- To recognise the importance of ensuring that employees of the Group are effectively and appropriately rewarded.
- To operate a remuneration policy that is a mix of fixed and variable pay. Variable pay is both short term and long term.
- To align Directors' interests with those of the Group.
- To have a pay for performance approach.
- To provide a market competitive level of remuneration to enable the Group to attract and retain high level individuals, to support the ongoing success of the Group.

Remuneration Policy Summary

Full details can be found on page 65.

Malus and Clawback

Shares awarded under the stretch element of annual bonus and under the LTIP are subject to malus and clawback provisions.

Post vesting holding periods

A two year post vesting holding period is attached to all awards to Executive Directors including Annual Bonus and LTIP awards.

Service Contracts

Director	Notice Period
I M Maddock	6 months
S A Adams	6 months
J Gravestock	6 months
P J Willink	12 months

The Chairman has a one year notice period. Non-Executive Directors, except the Chairman, have letters of appointment with one month's notice by either side.

Details of Directors' Remuneration

	Salary and Fees		Benefits		Annual Bonus		Pension Costs		Total	
£'000	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Executive										
S A Adams	208	167	26	23	10	8	12	10	256	208
I M Maddock	174	167	23	23	-	8	10	10	207	208
J Gravestock (Appointed 15 November 2021)	174	92	23	9	29	13	7	1	233	115
M Thompson (Resigned 20 January 2022)	14	167	2	23	-	34	1	10	17	234
P J Willink[1]	162	155	23	23	12	27	-	11	197	216
P I Wild[2] (Resigned 9 August 2022)	85	211	9	43	-	11	20	13	114	278
Non-Executive										
M A J Cropper	130	83	-	11	-	-	-	5	130	99
M Court (Appointed 9 November 2021)	37	14	-	-	-	-	-	-	37	14
S Miles (Appointed 9 November 2021)	37	14	-	-	-	-	-	-	37	14
L J Scott	37	33	-	-	-	-	-	-	37	33
J E Sharp	37	38	-	-	-	-	-	-	37	37
	1,095	1,162	106	155	51	101	50	60	1,302	1,478

1 P J Willink is accruing defined benefit pension entitlements based on a pensionable salary.

2 In addition to payments in table, P Wild was paid £110,206 payment in lieu of notice, benefits package accrued and pension contribution and £90,909 as a severance payment.

Salary

Steve Adams' salary was increased from £167,000 to £233,550 on his appointment as CEO on 10 August 2022. The annual salary and fee levels paid to other Directors during the year are as stated in the table above.

Annual bonus

80% of the annual incentive for Executive Directors is determined by financial performance both at a Group and divisional level with the remaining 20% determined by the achievement of key individual strategic objectives. Financial performance measures are agreed by the Committee at the beginning of the year, with performance levels set at target and stretch in line with the Business Plan.

For the year ended 1 April 2023, while targets in Technical Fibre Products were met, financial measures across other divisions and Group fell short of the performance threshold. The key strategic objectives for each Executive Director were achieved in year and accordingly payments made as set out in the table above.

Long Term Incentive Plan

Share awards outstanding and made during the financial period to 1 April 2023 under the Plan to Executive Directors were as follows:

All figures in £'000	Options at 26 March 2022	Options granted in period	Mid-market price (£) of options granted	Options exercised in period	Options lapsed in period	Options at 1 April 2023
S A Adams	13,561	13,640	£10.59	-	(7,449)	19,752
I M Maddock	13,561	8,390	£10.59	-	(7,449)	14,502
J Gravestock	-	8,390	£10.59	-	-	8,390
P I Wild[1]	25,765	-	-	-	(25,765)	-

1 Resigned 9 August 2022

Cash-settled options under the LTIP

Conditional cash awards ("Cash Awards") grant participating employees a conditional right to be paid a cash amount based on the proceeds of the sale of a specified number of Ordinary Shares following vesting of the award. Under the LTIP Plan, Conditional Cash awards were granted to the following Executive Directors:

All figures in £'000	Options at 26 March 2022	Options granted in period	Mid-market price (£) of options granted	Options exercised in period	Options lapsed in period	Options at 1 April 2023
M A J Cropper	6,523	-	-	-	(3,583)	2,940
P J Willink	12,648	7,825	£10.59	-	(6,948)	13,525

Share and cash awards detailed above were granted on 22 September 2022 subject to performance conditions measured over three years 2023 to 2025. 40% of awards are subject to an adjusted EPS target with threshold vesting at growth from FY2022 at RPI plus 45% per annum and maximum vesting at growth at RPI plus 65% per annum.

30% of awards are subject to a gross operating cash flow target with threshold vesting at 80% of target for the period rising to maximum vesting at 100% of target. 30% of awards are subject to ESG targets relating to the reduction in the carbon emissions intensity ratio (as per the Streamlined Energy and Carbon Report (SECR) reporting) over the three-year period with threshold vesting at 80% of target for the period rising to maximum vesting at 100% of target.

10% of awards subject to each condition grant at threshold performance rising on a straight line to 100% at Maximum performance.

LTIP awards made in FY2022 were 100% subject to an adjusted three-year EPS target with threshold vesting (25% of the award) vesting at growth of RPI plus 6% rising on a straight line to full vesting at growth of RPI plus 20%.

Advisors to the Committee

The Committee has engaged the services of H2Glenfern Remuneration Advisory to provide independent remuneration advice specifically on the construct of senior management and Board compensation including LTIP and annual incentive construct and arrangements.

REMUNERATION POLICY SUMMARY

PURPOSE AND LINK TO STRATEGY	OPERATION, OPPORTUNITY & PERFORMANCE METRIC
Base Salary To reflect market value of the role and individual's performance and contribution and enable the Group to recruit and retain Directors of sufficient calibre required to support achievement of both short and long-term goals.	**Operation:** • The salary of each Executive Director will be reviewed annually by the Remuneration Committee without any obligation to increase such salary. • Base salaries are benchmarked against companies of a comparable size with a targeted approach of median positioning against the market, subject to satisfactory performance. • There may be reviews and changes to base salary during the year if considered appropriate by the Remuneration Committee. **Opportunity:** There is no prescribed maximum annual base salary or salary increase.
Benefits To attract and retain the right individuals and level of talent required to support achievement of both short- and long-term goals.	**Operation:** • Each Executive Director is awarded a benefit allowance which allows individuals to select from a range of personal benefits including, but not limited to, private medical insurance and a company car. Any unused monetary sum is paid to the individual at the end of the tax year via the PAYE system. • The benefit allowance is reviewed periodically by the Remuneration Committee. **Opportunity:** No maximum potential value.
Pension To attract and retain the right individuals and level of talent required to support achievement of both short- and long-term goals.	**Operation:** • Executive Directors are either members of the Company's defined benefit scheme, the Company's defined contribution scheme or receive a pension allowance. **Opportunity:** Director pension arrangements are in line with the pension arrangements for the general workforce, depending on what pension scheme they are a member of.
Annual Incentive Plan To reward the delivery of the Group's annual financial and strategic goals. To align the interests of the Executives and shareholders in the short and medium term.	**Operation:** • The Annual Bonus is earned on the achievement of performance targets ordinarily set by the Remuneration Committee at the start of each financial year. • Payments up to target performance are made in cash. • Amounts due under the stretch incentive are awarded in shares which vest three years from award. Annual bonus amounts are subject to malus and clawback provisions covering a three-year period. **Opportunity:** The target bonus opportunity for all Executive Directors is 25% of base salary. Under the stretch opportunity, the CEO may receive up to a further 25% of salary, taking the maximum opportunity to 50% of salary and for other Executive Directors – a further 15% of basic salary, taking their maximum opportunity to 40% of salary.
Long Term Incentive Plan (LTIP) To incentivise the delivery of key performance measures over the long term. To retain key Executives and increase their share ownership in the Company, aligning their interests with those of shareholders.	**Operation:** • Under the plan, awards to acquire ordinary shares in the Company, or cash equivalent, can be made to Executive Directors and other employees within the Group, as selected by the Remuneration Committee. • Awards vest after three years subject to performance conditions measured over a three-year period. • LTIP awards will be vested in shares with the exception of any concert party member who will be vested a cash equivalent. • Awards to Executive Directors are subject to a two year post vesting holding period. **Opportunity:** 75% of salary for the CEO and 50% of salary for other Executive Directors.
Shareholding Guideline Alignment of the Executive Directors' interests with those of the Group's shareholders.	**Operation:** • Requirement to purchase 500 to 1,000 Company shares minimum upon joining the Company and to be retained during service. **Opportunity:** Not applicable.
Non-Executive Director Remuneration To attract and retain the right individuals required to support the achievement of both short and long-term goals.	**Operation:** • Effective FY2023, the Chairman receives a flat fee in cash. • The other Non-Executive Directors receive flat fees in cash. **Note:** The maximum aggregate amount of fees that the Company may pay to all the Directors who do not hold executive office for their services is £400,000 per annum, or such larger amount as the Company may by ordinary resolution decide.

DIRECTORS' REPORT

The Directors present their Annual Report and the audited financial statements of James Cropper Group for the 53 weeks ended 1 April 2023.

Principal activities

The principal activity of the Group comprises the manufacture of specialist paper and advanced materials. There have not been any significant changes in the Group's principal activities in the year under review.

The Directors are not aware, at the date of this report, of any likely major changes in the Group's activities in the next year.

Review of business and future developments

The Chairman's Statement on pages 08 to 09 and the CEO Review on pages 10 to 16 report on the performance of the Group for the period ended 1 April 2023 and its prospects for the future.

The Chairman's Statement, the Strategic Report and this report have been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed.

These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward looking information.

The Board

The Directors who served during the year under review were:

- Mark Cropper
- Phil Wild (resigned 9 August 2022)
- Steve Adams
- Isabelle Maddock (resigned 14 June 2023)
- James Gravestock
- Patrick Willink
- Martin Court
- Sarah Miles
- Lyndsey Scott
- Jim Sharp

Details of the Directors' remuneration are shown in the Report of the Remuneration Committee on pages 61 to 65. Details of the Directors' interests in the share capital of the Company are set out below.

The biographies of the Directors as at the date of this report are on pages 50 to 51.

Results and dividends

The results for the period are shown in the Statement of Comprehensive Income on page 77.

An interim dividend of 2.0p per ordinary share was paid on 13 January 2023.

The Directors are recommending a final dividend of 4.0p per ordinary share, subject to approval at the Annual General Meeting of the Company, making the total dividend for the year 6.0p per share (2022: 10.0p).

Full details of dividends in respect of the year ended 1 April 2023 are given in note 7 of the financial statements.

Corporate governance

A report on Corporate Governance is set out on pages 52 to 55, and forms part of this report by reference.

Health & Safety

The Group is committed to providing a safe working environment for all employees. Group policies are reviewed regularly to ensure that policies relating to training, risk assessment and accident management are appropriate.

Health & Safety issues are reported at each Board meeting and Executive Committee meeting.

Charitable and political donations

It is the Group's policy not to make any donations to, or incur expenditure on behalf of political parties, other political organisations or independent election candidates and the Board does not intend to change this policy.

Donations totalling £6,327 (2022: £9,000) were made for various local charitable purposes.

Engagement with key stakeholders

In accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018), the Company's statement on engagement with, and having due regard to, the interests of key stakeholders is contained within the Section 172(1) statement in the CEO Review on pages 26 to 27 (also known as the Section 172 statement).

The section 172 statement also summarises how the Directors have had regard to the need to foster the Group's business relationships.

Employee involvement and policy regarding disabled persons

The Group's employees are its most important asset. The Group operates an equal opportunities policy that aims to treat individuals fairly and not to discriminate in any way.

Regular consultative meetings are held with the trade union representatives to advise them on all aspects of Group developments. Communications with all employees continues through monthly and bi-annual briefings on performance, safety and any other relevant developments.

It is the Group's policy to give equal opportunity when considering applications from disabled persons where the job requirements are considered to be within their ability.

In the event of employees becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged.

It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as practicable, be identical to that of a person who does not suffer from a disability. Further information can be found in the section 172 (1) statement on pages 26 to 27.

Environmental policy

James Cropper Group recognises the importance of its environmental responsibilities and designs and implements policies to reduce any damage that might be caused by the Group's activities.

Initiatives designed to minimise the Group's impact on the environment include safe disposal of waste, recycling and reducing energy consumption.

Further details can be found in the sustainability report on pages 37 to 47 and the streamlined energy carbon report on page 40.

Events post the reporting period

As referred to in note 25 to the annual financial statements, The Group's trading update communicated to the Markets on 19 April 2023, outlined a strategic repositioning to accelerate revenue and profit growth across the Group.

The streamlining of the Paper division is one of the three pillars central to the repositioning. As part of this process, restructuring costs will likely be incurred in financial year 2024. The quantum of restructuring costs is, however, unknown at the time of this report.

Financial instruments

Disclosure around financial risks, financial instruments and hedging is included in note 19 to the annual financial statements.

Research and development

The Group invests in research projects and the development of new technology. Research and development expenditure and the related tax credits are disclosed in note 4 to the annual financial statements.

Share capital

Full details of the issued share capital of the Company are set out in note 22 to the consolidated financial statements.

The holders of ordinary shares are entitled to one vote per share at the Company's general meetings.

Authority to allot shares

A resolution will be proposed to renew an existing authority which expires at the Annual General Meeting to give the Directors authority to exercise the powers of the Company to allot unissued shares.

Directors power to disapply pre-emption rights

A resolution will be proposed at the Annual General Meeting which disapplies statutory pre-emption rights on the allotment of shares by empowering the Directors to allot shares for cash without offering them to existing shareholders first.

Going concern

The accounting policy relating to going concern is set out in note 1 to the financial statements.

The consolidated financial statements have been prepared on a going concern basis under the historical cost convention except for the revaluation of certain financial instruments to fair value.

In determining the appropriate basis of preparation, the impact of the energy crisis and other inflationary pressures have been the major considerations.

The Board has concluded that it is appropriate to adopt the going concern basis, having undertaken a rigorous assessment of the financial forecasts with specific consideration to the trading position of the Group in the context of the current inflationary pressures and energy costs. Stress tests and sensitivities have been performed on the forecast including any impact on covenants.

The Directors, after reviewing the Group's operating forecasts, investment plans and financing arrangements, consider that the Group and Company will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Accordingly, the Directors are satisfied that it is appropriate to adopt the going concern basis in preparing the Annual Report and Accounts.

Disclosure of information to the Auditor

Grant Thornton UK LLP has expressed its willingness to continue in office. Its appointment and authority for the Directors to agree its remuneration will be proposed at the Annual General Meeting.

Each of the Directors as at the date of approval of this Annual Report confirms that:

- So far as the Director is aware there is no relevant audit information of which the Company's Auditor is unaware; and
- The Director has taken all steps he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Annual General Meeting

Notice of Annual General Meeting, which sets out the resolutions to be proposed at the forthcoming Annual General Meeting will be posted to shareholders at least three weeks before the date of the AGM.

The meeting will be held at The Bryce Institute, Burneside, Kendal, Cumbria, LA9 6QZ on Tuesday 26 September 2023 at 11am followed by an optional tour of the new Embossing Centre of Excellence.

Substantial Interests

Shareholdings in excess of 3% of the issued capital at June 2023 were as follows:

Name of Shareholding	Number of Shares	% holding	Note
Cropper Family – *Beneficial and Non Beneficial Interests*	3,185,129	33.3	
Willink Family – *Beneficial and Non Beneficial Interests*	461,550	4.8	
Acland Family – *Beneficial Interests*	52,386	0.6	
Total	3,699,065	38.7	1
Liontrust Asset Management Ltd	1,246,854	13.05	

1 The Cropper, Willink and Acland families are related and are deemed to be acting in concert with a total holding of 38.7% in the Company.

Details of Directors' Interests

The interests in the shares of the Company of those Directors serving at 1 April were as follows:

Any material related party transactions between the Directors and the Company are set out in note 27 to the consolidated financial statements.

Further information relating to the interests of the Directors regarding options on ordinary shares is given in the Report of the Remuneration Committee on page 61.

Non-beneficial interests include shares held jointly as trustee with other Directors.

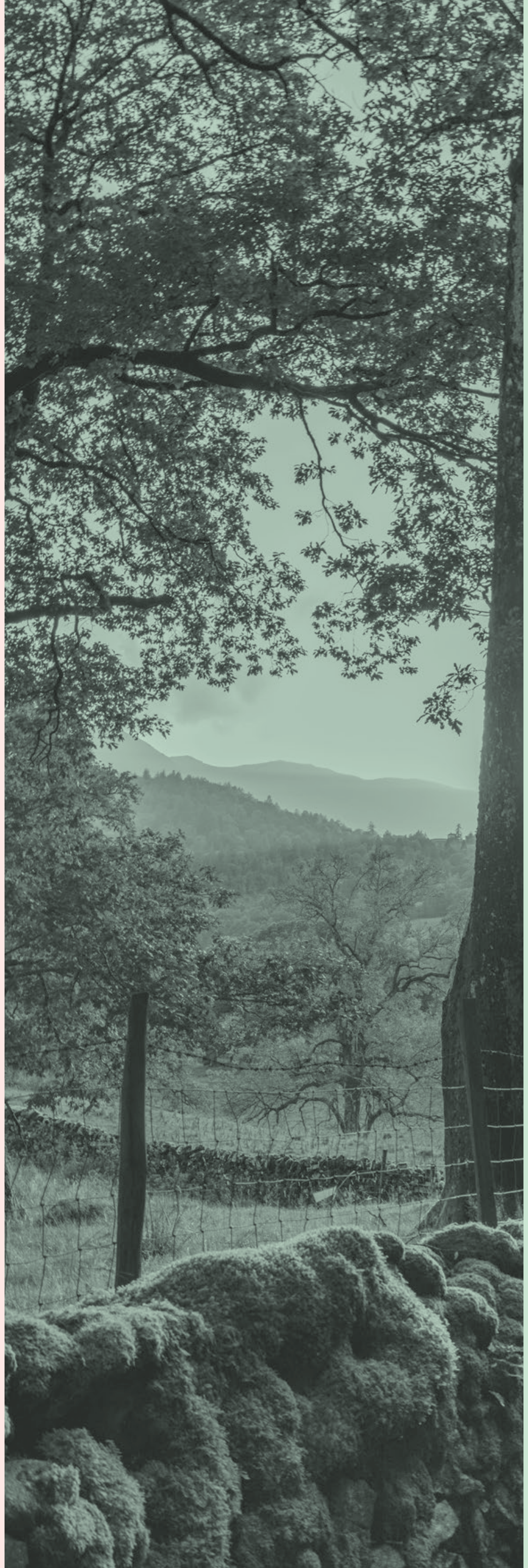
The Company has purchased and maintained throughout the period Directors' and officers' liability insurance in respect of the Directors.

Approved by the Board of Directors on 23 August 2023 and were signed on its behalf by

Mark Cropper
Chairman

		At 1 April 2023		At 26 March 2022	
		Ordinary Shares	Options on Ordinary Shares	Ordinary Shares	Options on Ordinary Shares
Director	**Interest**				
M A J Cropper[1]	Beneficial	1,833,850	-	1,856,896	-
	Non-beneficial	559,571	-	559,571	-
I M Maddock	Beneficial	10,448	22,033	9,741	13,561
S A Adams	Beneficial	1,099	27,221	1,099	13,561
J Gravestock	Beneficial	500	8,390	500	-
P J Willink	Beneficial	58,079	-	58,079	-
	Non-beneficial	111,684	-	69,434	-
J E Sharp	Beneficial	11,380	-	11,380	-
	Non-beneficial	81,751	-	82,251	-
L J Scott	Beneficial	500	-	500	-
	Non-beneficial	81,751	-	82,251	-
M Court	Beneficial	500	-	500	-
	Non-beneficial	81,751	-	82,251	-
S Miles	Beneficial	500	-	500	-
	Non-beneficial	81,751	-	82,251	-

1 As at 23 August 2023, M J Cropper held 1,891,850 ordinary shares beneficially and 559,571 ordinary shares non-beneficially.



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STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have to prepare the financial statements in accordance with UK-adopted international accounting standards.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

To the best of our knowledge:

- the group financial statements, prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Approved by the Board of Directors on 23 August 2023 and were signed on its behalf by

Mark Cropper
Chairman

GROUP INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAMES CROPPER PLC

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of James Cropper Public Limited Company (the 'parent company') and its subsidiaries (the 'Group') for the period from 27 March 2022 to 1 April 2023, which comprise the Group Statement of Comprehensive Income, the Group and parent Statement of Financial Position, the Group Statement of Cash Flows, the Group and parent Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted international accounting standards.

The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 1 April 2023 and of the Group's profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law.

Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report.

We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the parent company's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion.

Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group or the parent company to cease to continue as a going concern.

Our evaluation of the directors' assessment of the Group's and the parent company's ability to continue to adopt the going concern basis of accounting included:

- Analysing and challenging management's forecasts and supporting assessment;
- Assessing subsequent events following the year-end in order to establish any areas that could affect the Group's ability to report as a going concern, including a review of the board minutes in relation to the strategic business plans;
- Analysing management's reverse stress test of the forecasts and assessing the likelihood of a downward scenario;
- Comparing forecasted amounts against current year performance and the most recent management accounts, prior to the approval of the financial statements;
- Performing sensitivity analysis of revenue and EBITDA to account for each assessment performed by management, including assessing the impact on cash flow and covenants; and
- Corroborating the existence of the Group's loan facilities and related covenant requirements for the period covered by management's forecasts. We have analysed and considered the level of headroom on covenants throughout the going concern period.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Group's and the parent company's business model including effects arising from macro-economic uncertainties such as inflationary pressures and energy prices, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Group's and the parent company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

OUR APPROACH TO THE AUDIT

Overview of our audit approach

Overall materiality:

Group: £325,000, which represents 0.25% of the Group's revenue.

Parent company: £130,000, which represents 40% of the Group's materiality.

Key audit matters were identified as:
• Pension benefit obligation.

We did not issue the audit report for the period ended 26 March 2022.

Key audit matters reported by the predecessor auditor in the auditor's report for the period ended 26 March 2022 were:
• Defined Benefit Pension Scheme Valuations

Group

The Group engagement team performed; full-scope audit procedures on the financial information of two components, audit of one or more classes of transaction, account balance or disclosures relating to significant risks of material misstatement for two components and specified audit procedures relating to significant risks of material misstatement for four components.

The Group engagement team performed analytical procedures on the financial information of the remaining 8 components.

In total, our procedures covered 87% of the Group's revenue and 96% of the Group's total assets.

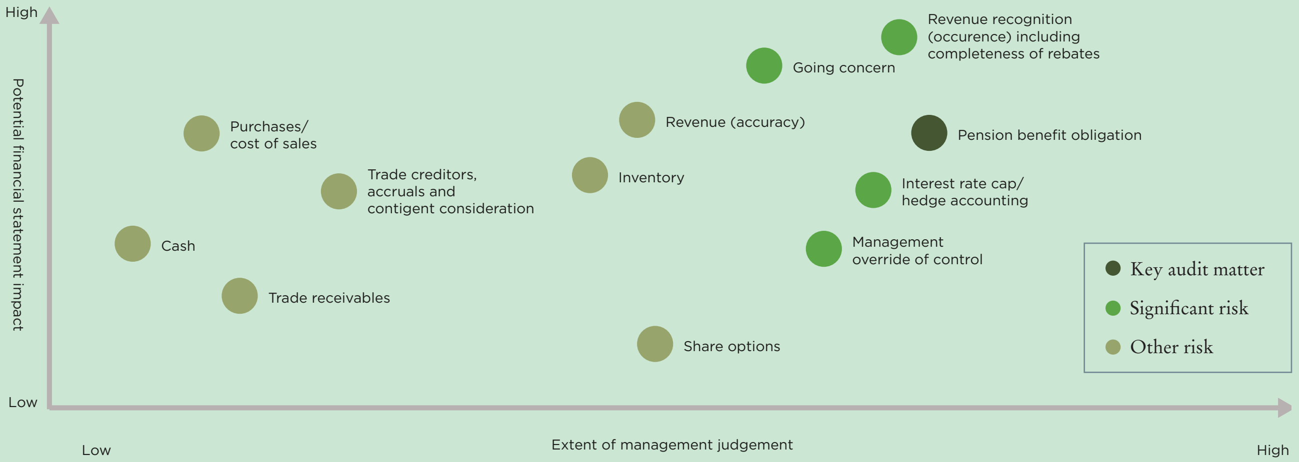
Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified.

These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.



KEY AUDIT MATTER - GROUP AND PARENT

Pension benefit obligation is not valued correctly in the financial statements.

We assessed the pension benefit obligation not being complete within the financial statements as one of the most significant assessed risks of material misstatement due to error.

As described in Note 1 (accounting policies) and Note 20 (retirement benefits), the Group has two funded pension schemes providing defined benefits for a number of its employees; the James Cropper PLC Pension Scheme ('Staff Scheme') and the James Cropper PLC Works Pension Plan ('Works Scheme').

As at 1 April 2023, the net pension obligation amounted to £16.1m (2022: £13.1m, which includes the effect of limit on recoverable surplus of £1.4m), the loss recognised in other comprehensive income amounted to £3.9m (2022: gain of £4.8m), the fair value of the plan assets is £73.2m (2022: £109.9m), and the present value of the defined benefit obligation is £89.3m (2022: £121.7m).

We note that the valuation of the net obligation is dependent on the underlying assumptions and inputs made from the actuary, as well as movements within market conditions, specifically being the discount rate, inflation expectations and life expectancy assumptions.

The inputs surrounding these assumptions are considered to be complex, and as such, require significant management judgement to be made, with the support of third-party actuaries. A minor change within any of the underlying assumptions and estimates used to calculate the Group's pension obligation could have a significant impact on the Group's net pension deficit.

HOW OUR SCOPE ADDRESSED THE MATTER - GROUP

In responding to the key audit matter, we performed the following audit procedures:

- Assessed the competence, capabilities and objectivity of the pension scheme actuary in addition to checking the completeness and reliability of the data provided;
- Obtained and analysed the pension report from the actuary and confirmed the disclosures agree to the disclosures made in the financial statements;
- Obtained a list of employee data from the scheme administrator, that is used by management's actuarial expert in their pension liability calculations and undertook testing to confirm the data used was complete and accurate;
- For a sample of assets, we tested the valuation of the asset by agreeing to supporting documentation such as quoted asset prices or recent transactions around the period-end, depending on the type of asset;
- Obtained third-party confirmation of the value of the pension scheme assets from both the investment manager and custodian;
- Tested the movement in the member data by agreeing to information provided by the scheme administrator, to ensure that there have not been any material or abnormal movements to the membership profile; and
- Engaged our internal actuarial specialists to assess the reasonableness of assumptions made in relation to the scheme focussing primarily on the discount rate, inflation, and mortality assumptions.

Relevant disclosures in the Annual Report and Accounts 2023

- Financial statements; The Pension Report
- Financial statements; Group's key sources of significant estimates; Retirement benefits
- Financial statements; Note 20; Retirement benefits

Our results

Based on our audit work, we found the valuation methodologies and the actuarial assumptions inherent within them to be balanced and consistent with the expectation of our actuarial specialists. We consider that the group's disclosures within note 20 appropriately describe the significant degree of inherent precision in the assumptions and estimates and the potential impact on future periods of revisions to these estimates. No material misstatements were identified within the calculation.

Our application of materiality

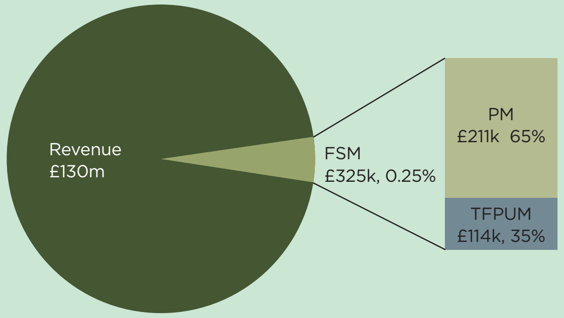
We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report. Materiality was determined as follows:

MATERIALITY MEASURE	GROUP	PARENT COMPANY
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold	£325,000, which is 0.25% of the Group's revenue.	£130,000 which was 40% of Group materiality and the lower of our capped materiality and 1% of the parent company's total assets at the planning stage of the audit (£169,000).
Significant judgements made by auditor in determining the materiality	In determining materiality, we made the following significant judgements: • We determine revenue to be the most appropriate benchmark for the Group due to this having importance in both external financial reporting and internal management reporting. This is a key driver of business activity and is a measure on which growth is monitored. • A market-based measurement percentage was chosen which reflected our knowledge from the risk assessment of the business. We did not determine the materiality for the period ended 26 March 2022.	In determining materiality, we made the following significant judgements: • The primary objective of the parent company is to hold the investments in the Group undertakings, as well as to provide financing throughout the Group. We did not determine the materiality for the period ended 26 March 2022.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	£211,000, which is 65% of financial statement materiality.	£85,000, which is 65% of financial statement materiality.
Significant judgements made by auditor in determining the performance materiality	In determining performance materiality, we made the following significant judgements for both the Group and Parent Company: • Our risk assessment procedures did not identify any significant changes in business objectives and strategy of the Group or Parent Company; and • We considered the findings identified as part of the review of the predecessor's auditors work. • We assessed the effectiveness of the control environment from the procedures performed in the planning stage of the audit and did not identify any significant deficiencies.	
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	
Specific materiality	We determined a lower level of specific materiality for the following areas for both the Group and Parent Company: • Related party transactions (excluding intercompany transactions); and • Directors' remuneration.	
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.	
Threshold for communication	£16,250 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£8,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

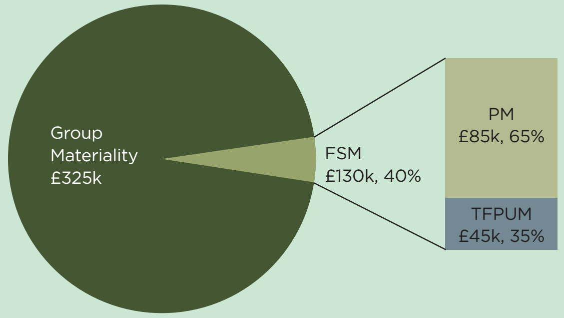
Independent Auditor's Report

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality – Group



Overall materiality – Parent company



KEY **FSM:** Financial statements materiality **PM:** Performance materiality **TFPUM:** Tolerance for potential uncorrected misstatements

An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the Group's and the parent company's business and in particular matters related to:

Understanding the Group, its components, and their environments, including Group-wide controls

- The engagement team obtained an understanding of the Group and its environment, including Group-wide controls, and assessed the risks of material misstatement at the Group level; and
- The engagement team further considered the effect of the Group organizational structure on the scope of the audit and used this to inform our assessment of risk.

Identifying significant components

- In order to assess the risks identified, the engagement team performed an evaluation of identified components to assess the significant components and to determine the planned audit response based on a measure of materiality, calculated by considering the component's significance as a percentage of the Group's revenue, profit before taxation and total assets.

Type of work to be performed on financial information of parent and other components (including how it addressed the key audit matters)

- Of the Group's components, we identified two of which, in our view, required an audit of their financial information using component materiality (full scope audit), either due to their size or their risk characteristics. As a result of this, we performed an audit of the financial statements of James Cropper Speciality Papers Limited and Technical Fibre Products Limited.
- We identified a single key audit matter, which is in relation to the valuation that underpins the defined benefit obligation. The audit procedures performed in respect of these are detailed within the key audit matters section of our report.
- We performed specific audit procedures in respect of six components, being; the Parent Company (James Cropper Public Limited Company), Electro Fibre Technologies LLC, James Cropper Converting Limited, Tech Fibers Inc., Technical Fibre Products Inc. and TFP Hydrogen Products Limited.
- We performed analytical procedures at Group level over the remaining eight components. These procedures, together with the additional procedures outlined above, were designed to give us the audit evidence needed for our opinion on the Group financial statements as a whole.

Performance of our audit

In order to gain sufficient appropriate audit evidence to address the risks identified above, an audit of financial information was carried out at each individually significant reporting component: audits for Group reporting purposes were carried out at two significant components located in the United Kingdom. Additionally, specific audit procedures for Group reporting purposes were performed at a further six components.

Audit Approach	No of Components	% coverage revenue	% coverage total assets
Full-scope audit	2	74%	64%
Specified audit procedures	6	13%	32%
Analytical procedures	8	13%	4%

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In light of the knowledge and understanding of the Group and the parent company and their environments obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 70 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the parent company and the Group and the industries in which they operate. We determined that the most significant laws and regulations are the Companies Act 2006, UK-adopted international accounting standards, United Kingdom Generally Accepted Accounting Practice and tax legislation in the jurisdictions in which the Group operates, including the application of local and overseas sales taxes.
- We obtained an understanding of how the parent company and the Group are complying with those legal and regulatory frameworks by making inquiries of management, those responsible for legal and compliance procedures and the company secretary. We corroborated our inquiries through our review of board minutes and papers provided to the Audit Committee.
- We assessed the susceptibility of the parent company's and the Group's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the Group engagement team included:
  - Assessing the design and implementation of controls management has in place to prevent and detect fraud;
  - Obtaining an understanding of how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
  - Challenging assumptions and judgements made by management in significant accounting estimates;
  - Identifying and testing journal entries, in particular any journals with unusual characteristics, to increase our testing in areas of higher risk identified during our audit; and
  - Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the Group engagement team including consideration of the Group engagement team's knowledge of the industry in which the Group operates, and the understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation; and
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David White
Senior Statutory Auditor for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester
23 August 2023

James Cropper PLC
Group Statement of Comprehensive Income

	Note	53 week period to 1 April 2023 £'000	52 week period to 26 March 2022 £'000
Revenue	2	129,664	104,922
Provision for impairment reversal		134	184
Other income		650	744
Changes in inventories of finished goods and work in progress		817	385
Raw materials and consumables used		(48,556)	(39,577)
Energy costs		(15,162)	(7,428)
Employee benefit costs	23	(34,459)	(30,535)
Depreciation and amortisation	4	(4,278)	(4,051)
Other expenses	4	(25,471)	(20,960)
Operating Profit	**2**	**3,339**	**3,684**
Fair value movement on derivatives		(330)	-
Interest payable and similar charges	3	(1,697)	(924)
Interest receivable and similar income	3	1	17
Profit before taxation	**4**	**1,313**	**2,777**
Tax expense	5	(797)	(1,419)
Profit for the period		**516**	**1,358**
Earnings per share - basic and diluted	6	5.4p	14.2p

Other comprehensive income

	Note	53 week period to 1 April 2023 £'000	52 week period to 26 March 2022 £'000
Profit for the period		**516**	**1,358**
Items that are or may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		222	49
Pulp hedge fair value adjustment		-	(501)
Cash flow hedges – effective portion of changes in fair value	15,17	1,040	10
Cash flow hedges – cost of hedging	15	(355)	-
Foreign tax adjustment		-	(13)
Items that will never be reclassified to profit or loss			
Retirement benefit liabilities – actuarial (losses) / gains	20	(3,888)	4,777
Deferred tax on actuarial losses / (gains) on retirement benefit liabilities		972	(179)
Other comprehensive (expense) / income for the period		(2,009)	4,143
Total comprehensive (expense) / income for the period attributable to equity holders of the Company		**(1,493)**	**5,501**

The accompanying notes form part of the financial statements

James Cropper PLC
Statement of Financial Position

	Note	Group as at 1 April 2023 £'000	Group as at 26 March 2022 Restated £'000	Company as at 1 April 2023 £'000	Company as at 26 March 2022 Restated £'000
Assets					
Goodwill	8	1,264	1,264	-	-
Intangible assets	9	1,524	1,584	788	769
Property, plant and equipment	10	32,717	30,551	1,758	1,630
Right-of-use assets	11	6,765	7,358	402	343
Investments in subsidiary undertakings	12	-	-	7,350	7,350
Other financial assets	15	654	-	654	-
Deferred tax assets	21	4,198	3,534	4,118	3,459
Total non-current assets		**47,122**	44,291	**15,070**	13,551
Inventories	13	18,304	17,593	-	-
Trade and other receivables	14	24,763	21,906	53,991	54,749
Provision for impairment	14	(643)	(777)	-	-
Other financial assets	15	428	-	428	-
Cash and cash equivalents		7,679	7,750	3,506	4,011
Corporation tax		815	1,838	582	968
Total current assets		**51,346**	48,310	**58,507**	59,728
Total assets		**98,468**	92,601	**73,577**	73,279
Liabilities					
Trade and other payables	16	21,106	20,936	7,465	16,324
Other financial liabilities	17	58	6	58	6
Loans and borrowings	18	1,758	1,595	217	133
Total current liabilities		**22,922**	22,537	**7,740**	16,463
Long-term borrowings	18	22,515	18,449	13,019	7,904
Retirement benefit liabilities	20	16,140	13,130	16,140	13,130
Contingent consideration on business acquisition	16	1,423	578	-	-
Deferred tax liabilities	21	3,403	3,393	112	123
Total non-current liabilities		**43,481**	35,550	**29,271**	21,157
Total liabilities		**66,403**	58,087	**37,011**	37,620
Equity					
Share capital	22	2,389	2,389	2,389	2,389
Share premium		1,588	1,588	1,588	1,588
Translation reserve		775	553	-	-
Reserve for own shares		(1,407)	(1,407)	(1,407)	(1,407)
Cash flow hedging reserve		1,040	-	1,092	-
Cost of hedging reserve		(355)	-	(355)	-
Retained earnings		28,035	31,391	33,259	33,089
Total shareholders' equity		**32,065**	34,514	**36,566**	35,659
Total equity and liabilities		**98,468**	92,601	**73,577**	73,279

The Parent Company reported a profit for the period ended 1 April 2023 of £4,042k (2022: £4,554k).
The financial statements on pages 66 to 118 were approved by the Board of Directors on 23 August 2023 and were signed on its behalf by:

M A J Cropper
Chairman
Company Registration No: 30226

The accompanying notes form part of the financial statements

James Cropper PLC
Statement of Cash Flows

For the period ended 1 April 2023 (2022: for the period ended 26 March 2022)

	Note	Group 2023 £'000	Group 2022 Restated £'000
Cash flows from operating activities			
Profit for the period		516	1,358
Adjustments for:			
Tax expense	5	797	1,419
Depreciation and amortisation	4	4,278	4,051
Earn out adjustment on contingent consideration on business acquisition	4	986	-
Net IAS 19 pension adjustments within profit		442	914
Past service pension deficit payments		(1,665)	(1,443)
Foreign exchange differences		(136)	-
Profit on disposal of property, plant and equipment and intangible assets	4	(589)	-
Interest receivable and similar income	3	(1)	(17)
Interest payable and similar charges	3	1,697	926
Share based payments		(59)	(107)
Fair value movements on derivatives		330	-
Changes in working capital:			
Increase in inventories		(696)	(2,103)
Increase in trade and other receivables		(3,614)	(5,942)
Increase in trade and other payables		2,396	5,945
Tax received		868	(972)
Net cash generated from operating activities		**5,550**	4,029
Cash flows from investing activities			
Purchase of intangible assets		(1,126)	(56)
Purchase of property, plant and equipment	10	(5,267)	(6,142)
Deferred consideration on business acquisition paid	16	-	(400)
Contingent consideration on business acquisition paid	16	(250)	-
Net cash used in investing activities		**(6,643)**	(6,598)
Cash flows from financing activities			
Proceeds from issue of new loans	18	5,050	9,191
Repayment of borrowings	18	(288)	(3,123)
Fees paid on raising finance		-	(278)
Repayment of lease liabilities	18	(1,561)	(1,170)
Interest received		1	17
Interest paid		(858)	(709)
Non-deliverable forward contract payment		(330)	-
Payments on interest rate cap		(495)	-
Purchase of own shares		-	(256)
Dividends paid to shareholders	7	(897)	(236)
Net cash generated from financing activities		**622**	3,436
Net (decrease) / increase in cash and cash equivalents		**(471)**	867
Effects of exchange rate fluctuations on cash held		400	118
Net (decrease) / increase in cash and cash equivalents		**(71)**	985
Cash and cash equivalents at the start of the period		7,750	6,765
Cash and cash equivalents at the end of the period		**7,679**	7,750
Cash and cash equivalents consists of:			
Cash at bank and in hand		7,679	7,750
Cash and cash equivalents at the end of the period		**7,679**	7,750

The accompanying notes form part of the financial statements

James Cropper PLC
Statement of Changes in Equity - Group

All figures in £'000	Share capital	Share premium	Translation reserve	Reserve for Own Shares	Cost of Hedging reserve	Cash flow Hedging reserve	Retained earnings	Total
At 27 March 2021 - as previously reported	2,389	1,588	504	(1,151)	-	501	26,070	29,901
Restatement - note 28	-	-	-	-	-	-	(300)	(300)
At 27 March 2021 - Restated	**2,389**	**1,588**	**504**	**(1,151)**	**-**	**501**	**25,770**	**29,601**
Comprehensive income for the period	-	-	-	-	-	-	1,358	1,358
Total other comprehensive income	-	-	49	-	-	(501)	4,595	4,143
Dividends paid	-	-	-	-	-	-	(236)	(236)
Purchase of own shares	-	-	-	(256)	-	-	-	(256)
Share based payment charge	-	-	-	-	-	-	(96)	(96)
Total contributions by and distributions to owners of the Group	-	-	-	(256)	-	-	(332)	(588)
At 26 March 2022 - Restated	**2,389**	**1,588**	**553**	**(1,407)**	**-**	**-**	**31,391**	**34,514**
Comprehensive income for the period	-	-	-	-	-	-	516	516
Total other comprehensive income	-	-	222	-	(355)	1,040	(2,916)	(2,009)
Dividends paid	-	-	-	-	-	-	(897)	(897)
Share based payment charge	-	-	-	-	-	-	(59)	(59)
Total contributions by and distributions to owners of the Group	-	-	-	-	-	-	(956)	(956)
At 1 April 2023	**2,389**	**1,588**	**775**	**(1,407)**	**(355)**	**1,040**	**28,035**	**32,065**

The accompanying notes form part of the financial statements

James Cropper PLC
Statement of Changes in Equity - Company

All figures in £'000	Share capital	Share premium	Reserve for Own Shares	Cost of Hedging reserve	Cash flow Hedging reserve	Retained earnings	Total
At 27 March 2021	2,389	1,588	(1,151)	-	-	24,253	27,079
Comprehensive income for the period	-	-	-	-	-	4,554	4,554
Total other comprehensive income	-	-	-	-	-	4,614	4,614
Dividends paid	-	-	-	-	-	(236)	(236)
Share based payment charge	-	-	-	-	-	(96)	(96)
Purchase of own shares	-	-	(256)	-	-	-	(256)
Total contributions by and distributions to owners of the Group	-	-	(256)	-	-	(332)	(588)
At 26 March 2022	**2,389**	**1,588**	**(1,407)**	**-**	**-**	**33,089**	**35,659**
Comprehensive income for the period	-	-	-	-	-	4,042	4,042
Total other comprehensive income	-	-	-	(355)	1,092	(2,916)	(2,179)
Dividends paid	-	-	-	-	-	(897)	(897)
Share based payment charge	-	-	-	-	-	(59)	(59)
Total contributions by and distributions to owners of the Group	-	-	-	-	-	(956)	(956)
At 1 April 2023	**2,389**	**1,588**	**(1,407)**	**(355)**	**1,092**	**33,259**	**36,566**

The accompanying notes form part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements are consolidated financial statements for the Group consisting of James Cropper PLC, a company registered in the UK, and all its subsidiaries. The consolidated financial statements have been prepared in accordance with UK adopted international accounting standards and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements of the parent company have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and the following disclosure exemptions have been adopted:

- A statement of cash flows has not been presented; and
- An analysis of revenue from contracts with customers has not been given.

Basis of preparation

The accounting "year" for the Group is a 53 week accounting period ended 1 April 2023 (2022: 52 week accounting period ended 26 March 2022).

The consolidated financial statements have been prepared on a going concern basis under the historical cost convention except for the revaluation of certain financial instruments to fair value.

In determining the appropriate basis of preparation, the impact of the energy crisis and other inflationary pressures have been the major considerations.

The financial statements are presented in Pounds Sterling, being the currency of the primary economic environment in which the Group operates. All values are rounded to the nearest thousand pounds, except where otherwise indicated.

On publishing the parent company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual Statement of Comprehensive Income and related notes that form a part of these approved financial statements.

Going concern

The Board has concluded that it is appropriate to adopt the going concern basis, having undertaken a rigorous assessment of the financial forecasts for the 2-year period ending 31 March 2025 with specific consideration to the trading position of the Group in the context of the current inflationary pressures and energy costs. Stress tests and sensitivities have been performed on the forecast including any impact on covenants.

The Directors, after reviewing the Group's operating forecasts, investment plans and financing arrangements, consider that the Group and company will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Accordingly, the Directors are satisfied that it is appropriate to adopt the going concern basis in preparing the Annual Report and Accounts.

Basis of consolidation

The financial statements of the Group consolidate the accounts of the parent company and all of its subsidiaries. All subsidiaries have a reporting date 1 April 2023.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses or intra-group asset sales are reversed on consolidation, the asset is also tested for impairment from a Group perspective.

Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies of the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the date of acquisition, or up to the effective date of disposal as applicable.

(a) Revenue recognition

Revenue represents income derived from contracts for the provision of goods or services by the Company and its subsidiary undertakings to customers in exchange for consideration in the ordinary course of the Group's business.

Upon approval by the parties to a contract, the contract is assessed to identify each promise to transfer either a distinct good or service, or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer.

Revenue from the sale of goods is recognised when control of the goods have been transferred to the buyer. Goods are identified as products made from either natural fibres (e.g. paper or moulded paper products) or man-made fibres (e.g. highly technical nonwoven products made by the TFP division).

Revenue is recognised when:

- the Group has transferred control to the buyer;
- all significant performance obligations have been met;
- the Group retains neither continuing managerial involvement nor effective control over the goods;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the amount of revenue can be measured reliably.

Transfer of control varies depending on the individual terms of the contract of sale. For sales in the UK, transfer of control occurs when the goods are despatched to the customer. However, for some international shipments, transfer of control occurs either upon loading the goods onto the relevant carrier or when the goods have arrived in the overseas port. The point of transfer of control for international shipments is dictated by the terms of each sale.

Although the majority of the group's contracts with customers are not complex, with revenue being fixed for a specific quantity of goods, the Group has identified a number of contracts in which customers are given volume rebates and/or other promotional rebates based on quantities purchased over a contractually agreed period of time. Rebates payable to customers are contingent on the occurrence or non-occurrence of a future event, e.g. the customer meeting certain agreed criteria. Rebates are recorded using the most likely method (the single most likely amount in a range of possible consideration amounts).

Management makes estimates on an ongoing basis, primarily based on current customer spending and historic data, in order to assess customer revenues and to calculate total rebates earned to be recorded as deductions from revenue. Where rebates are expected to be given to these customers, the rebates are quantified and charged directly to the Consolidated Statement of Comprehensive Income over the period to which they relate and are recognised as a deduction from revenue.

Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. The estimated volume discount is revised at each reporting date.

(b) Operating segments

IFRS 8 *Operating Segments* requires that entities reflect the 'management approach' to reporting the financial performance of its operating segments.

Management has determined the segments that are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, identified as the Executive Committee that makes strategic decisions. The committee considers the business principally via the four segments. Operating segments are those components of the Group that are engaged in providing a group of related products that are subject to risks and returns that are different to other operating segments.

Geographical areas are components where the eventual product destination is in a particular geographic environment which is subject to risks and returns that are different from other such areas. Costs are allocated to segments based on the segment to which they relate. Central costs are recharged on an appropriate basis.

(c) Emission quotas

The Group participates in the UK Emissions Trading Scheme. The Group has adopted an accounting policy which recognises the emission allowances as an intangible asset and an associated liability.

The intangible asset is valued at the market price on the date of issue. The liability is valued at the market price on the date of issue up to the level of allocated allowances held.

Should emissions exceed the annual allowance any excess of liability above the level of the allowances held is valued at the market price ruling at the Statement of Financial Position date and charged against operating profit. Allowances not utilised are maintained against a potential future shortfall. When allowances are utilised both the intangible asset and liability are amortised to the Statement of Comprehensive Income.

Emission allowances are assessed annually for impairment based on latest market prices.

(d) Foreign currencies

The consolidated financial statements are presented in Pounds Sterling, which is the Group's presentation currency. Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The assets and liabilities of foreign operations are translated at foreign exchange rates ruling at the Statement of Financial Position date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from translation of foreign operations are taken directly to the translation reserve; they are released into the Statement of Comprehensive Income upon disposal.

The ineffective portion of gain or loss on foreign currency borrowings that are used to hedge a net investment in a foreign operation is recognised immediately in the Statement of Comprehensive Income.

(e) Intangible fixed assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairments losses, if any. The following useful lives have been determined for intangible assets.

Trade secrets such as processes or unique recipes	10 years
Customer relationships	10 years
Technology*	10 years
Brands	3 years
Computer software	3 – 10 years

* Internally developed hydrogen production technology related to platinum group materials coatings and electrolysis.

(f) Property plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is provided on all property, plant and equipment, other than freehold land, at rates calculated to write off the cost less residual value of each asset evenly over its expected useful life, as follows:

Freehold buildings	14 – 40 years
Plant and machinery	2 – 20 years

Residual values and useful lives are reviewed annually. Land is not depreciated.

(g) Impairment of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes an estimate of recoverable amount.

Where the carrying value of an asset exceeds its recoverable amount the asset is written down to its recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use and is deemed for an individual asset. If the asset does not generate cash flows that are largely independent of those from other assets or groups of assets, the recoverable amount of the cash generating unit to which the asset belongs is determined.

Discount rates reflecting the asset specific risks and the time value of money are used for the value in use calculation.

(h) Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is demonstrable that the asset will generate future economic benefits; it is the intention to complete the intangible asset so that it will be available for use or sale; adequate resources are available to complete the development; the asset can be used or sold; it is technically feasible to complete the asset; and the expenditure attributable to the asset during development can be reliably measured.

Other development expenditures are recognised as an expense as incurred. Development costs with a finite useful life that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit.

(i) Research & development tax credit

Research and development expenditure credit (RDEC) is recognised within other operating income on an accrual basis.

(j) IFRS 16 'Leases'

The Group leases various warehouses, machinery, production lines and motor vehicles. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities are secured on the assets leased. Lease liabilities include the net present value of the following lease payments:

(i) fixed payments (including in-substance fixed payments), less any lease incentives receivable;

(ii) variable lease payments that are based on an index or rate;

(iii) amounts expected to be payable by the lessee under residual value guaranteed;

(iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and

(v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The liability is subsequently stated at amortised cost using the effective interest rate method.

Right-of-use assets are measured at cost comprising the following:

(i) the amount of the initial measurement of the lease liability;

(ii) any lease payments made at or before the commencement date less any lease incentives received;

(iii) any initial direct costs; and

(iv) restoration costs.

Right-of-use assets are subsequently carried at cost less accumulated depreciation and impairment losses.

Depreciation is provided on all right-of-use assets at rates calculated to write off the cost less residual value of each asset evenly over the lease term.

There are no short term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the statement of consolidated income.
The Group has no leases with variable payments.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Engineering spares are included within inventories.

(l) Grants

Capital grants are credited to a deferral account and released to income over the expected useful lives of the relevant assets. Grants of a revenue nature are credited to the Statement of Comprehensive Income in the period to which they relate.

(m) Investments in subsidiary undertakings and amount owed by Group undertakings

Investments in subsidiary undertakings are stated at cost less any impairment in value.

Amounts owed by Group undertakings are recognised initially at fair value and are subsequently carried at amortised cost using the effective interest method, less any impairment.

(n) Trade receivables

Trade receivables are recorded at their initial transaction price after appropriate revision for impairment. A provision for impairment is calculated using an expected credit loss impairment model.

Under this impairment model approach, per IFRS 9, it is not necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses is updated at each reporting date.

To measure expected credit losses the Group refers to historical credit loss experiences and adjust for current and forward looking information on macroeconomic factors affecting the group's customers including the state of the economy and industrial specific factors in countries where the group operates. Trade receivables are held at amortised cost using the effective interest method, less any impairment.

(o) Trade payables

Trade payables are stated at their fair value. Trade payables are subsequently stated at amortised cost using the effective interest method.

(p) Other income

Other income includes the research and development expenditure credit (RDEC), royalties received and grants received for funded projects.

(q) Hedge Accounting

Cash flow hedge:

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability the effective part of any gain or loss on the derivative financial instrument is recognised in other comprehensive income. Any ineffective portion of the hedge is recognised immediately in the Statement of Comprehensive Income.

Hedging relationships are classified as cash flow hedges where the hedging instrument hedges exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability such as interest payments or variable rate debt.

(r) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown as borrowings within current liabilities on the Statement of Financial Position.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the Statement of Cash Flows.

(s) Borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

(t) Interest

Interest is recognised in the Statement of Comprehensive Income on an accruals basis using the effective interest method.

(u) Share based payments and Own Shares Held

The Group operates an equity settled share based payment scheme: A Long-Term Incentive Plan (LTIP) for certain Directors and senior managers.

The Employee Benefit Trust (EBT) holds shares for the granting and vesting of shares under the LTIP scheme. The cost of purchasing and transferring own shares held by the EBT are shown as movements against equity.

The EBT is not treated as an extension of the parent and is therefore not included in the parent's individual accounts and is only consolidated in the group accounts. The costs of purchasing own shares held by the EBT are shown as a deduction within shareholders' equity in the consolidated statement of changes in equity.

The Group recognises an expense to the Statement of Comprehensive Income representing the fair value of outstanding equity settled share-based payment awards to employees which have not vested as at the period end.

The fair values are charged to the Statement of Comprehensive Income over the relevant vesting period adjusted to reflect actual and expected vesting levels.

(v) Capital Management

The Group and Company's capital includes share capital, reserves and retained earnings. The Group and Company's policies ensure the ability to continue as a going concern, in order to provide returns to the shareholders and benefits to other stakeholders. The Group and Company invest in financial assets that will provide an adequate level of return to the shareholders commensurate with the level of risk.

The Group and Company manage the capital structure and adjust this in light of the changes in the economic conditions and risk associated with the underlying assets. In order to maintain or adjust the capital structure, the Group and Company may adjust the amount of any dividend paid to the shareholders, return capital to the shareholders, issues new shares, or sell assets to reduce debt. Details of borrowings can be seen in note 18 and shares can be referred to in note 22. The Group and Company are not subject to any externally imposed capital requirements. There have been no material changes in the management of capital during the period.

(w) Taxation

Tax on the Statement of Comprehensive Income for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, according to the accounting treatment of the related transaction.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Statement of Financial Position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the asset can be utilised.

(x) Retirement benefits

The Group operates various pension schemes. The schemes are generally funded through payments to trustee-administered funds, determined by periodic actuarial valuations. The Group has both defined benefit and defined contribution plans.
A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement.
A defined contribution plan is a pension plan under which the Group pays fixed contributions.

The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the Statement of Financial Position date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

If there is a net surplus on the schemes, the defined benefit of the asset is measured at the economic benefit, calculated as the difference between the expected value of future service costs to the Staff Scheme and the total contributions required from the Company under the Schedule of Contributions.

If a material surplus occurs, the Company will seek external legal advice to determine whether the Company has an unconditional right to a refund of surplus in the future.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur outside of Statement of Comprehensive Income in the Statement of Changes in Equity.

Past service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Group pays agreed contributions to the schemes. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.

(y) Non-GAAP performance measures

In the reporting of financial information, the Group has adopted certain non-GAAP measures of historical or future financial performance, position or cash flows other than those defined or specified under International Financial Reporting Standards (IFRS).

Where non-GAAP measures have been used, it is the belief of the Group that such measures help provide a clearer understanding of the underlying performance, removing the impact of exceptional items and IAS 19 adjustments that can distort core operating profitability of the Group and make year-on-year comparison of performance challenging.

Non-GAAP measures should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measures.

Exceptional items are material income or costs which derive from events or transactions which are unusual or infrequent in their nature and are disclosed separately in the notes to the financial statements.

Exceptional items are presented in the statement of comprehensive income in the income or expense to which they relate.

(z) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of estimates and judgements that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The Group's key sources of significant estimates are as detailed below:

(i) Retirement benefits

IAS 19 *Employee Benefits* requires the Group to make assumptions including, but not limited to, rates of inflation, discount rates and life expectancies.

The use of different assumptions, in any of the above calculations, could have a material effect on the accounting values of the relevant statement of financial position assets and liabilities which could also result in a change to the cost of such liabilities as recognised in profit or loss over time.

These assumptions are subject to periodic review. The Group takes specialist advice and seeks to follow the most appropriate method, applied consistently from year to year.

See note 20 for additional information and a sensitivity analysis highlighting the impact of a change in variables.

(ii) Contingencies

The Group have identified that the historical valuation of the defined benefit pension obligation did not capture the potential additional liabilities arising in relation to the normal retirement dates for male and female members of the Staff Scheme.

An estimate of the additional liability was included in the financial statements since year ended 31 March 2019. An allowance of 0.15% of liabilities has been included in the valuation. If the ultimate impact is greater or lesser, the difference will be taken as an experience adjustment through the Other Comprehensive Income in the relevant year.

The impact on the liability as at 1 April 2023 for a range of reasonable sensitivities is set out below.

Scheme Liabilities

All figures in £'000	
0.005%	89,216
0.015%	89,305
0.025%	89,394

2 Segmental reporting

IFRS 8 Operating Segments requires that entities adopt the 'management approach' to reporting the financial performance of its operating segments.

Management has determined the segments that are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, identified as the Executive Committee that makes strategic decisions.

The committee considers the business principally via the four segments, principally based in the UK:

- **James Cropper Paper Products (Paper):** comprising James Cropper Speciality Papers, a manufacturer of specialist paper and boards, and James Cropper Converting, a converter of paper.
- **James Cropper 3D Products (Colourform™)** – a manufacturer of moulded fibre products.
- **Technical Fibre Products (TFP)** – a manufacturer of advanced materials.
- **Group Services** – comprises central functions providing services to the subsidiary companies.

"Eliminations" refers to the elimination of inter-segment revenue, profit and investments.

"Adjusted Operating Profit before exceptional items and IAS 19" refers to operating profit prior to exceptional items and the IAS 19 pension adjustment.

The "IAS 19 pension adjustment" refers to the impact on operating profit of the pension schemes' operating costs, as described in the IAS 19 section of the Financial Review.

Inter-segment transactions are performed in the normal course of business and at arm's length.

Operating Segments
Period ended 1 April 2023

All figures in £'000	Paper	Colourform™	TFP	Group Services	Eliminations	Continuing Operations
Revenue						
External	88,151	4,326	37,187	-	-	129,664
	88,151	**4,326**	**37,187**	**-**	**-**	**129,664**
Segment Profit						
Adjusted Operating (Loss) / Profit before exceptional items and IAS 19	(2,847)	(1,057)	9,244	(642)	69	**4,767**
Exceptional costs	-	-	(986)	-	-	(986)
IAS 19 Pension adjustments to profit	-	-	-	(442)	-	**(442)**
Operating (Loss) / Profit	**(2,847)**	**(1,057)**	**8,258**	**(1,084)**	**69**	**3,339**
Fair value movement on derivatives						(330)
Interest payable and similar charges						(1,697)
Interest receivable and similar income						1
Profit before tax						**1,313**
Tax expense						(797)
Profit for the period						**516**
Total Assets	**69,590**	**5,133**	**68,482**	**73,577**	**(118,314)**	**98,468**
Total Liabilities	**67,627**	**15,795**	**56,874**	**37,011**	**(110,904)**	**66,403**

Operating Segments
Period ended 26 March 2022

All figures in £'000	Paper	Colourform™	TFP	Group Services	Eliminations	Continuing Operations
Revenue						
External	70,350	3,363	31,209	-	-	104,922
	70,350	3,363	31,209	-	-	104,922
Segment Profit						
Adjusted Operating (Loss) / Profit before exceptional items and IAS 19	(2,338)	(754)	8,684	(993)	(14)	4,585
Exceptional costs	-	-	(354)	-	-	(354)
IAS 19 Pension adjustments to profit	-	-	-	(547)	-	(547)
Operating (Loss) / Profit	(2,338)	(754)	8,330	(1,540)	(14)	3,684
Interest payable and similar charges						(924)
Interest receivable and similar income						17
Profit before tax						2,777
Tax expense						(1,419)
Profit for the period						1,358
Total Assets - Restated	71,146	5,066	62,981	68,536	(115,128)	92,601
Total Liabilities - Restated	65,782	14,556	52,501	32,877	(107,629)	58,087

The Group's country of domicile is the UK. Revenue from external customers is based on the customer's location. Non-current assets are based on the location of the assets and exclude financial assets, deferred tax assets and post-employment benefit net assets.

	Revenues from external customers		Non-current assets excluding deferred tax	
All figures in £'000	**2023**	2022	**2023**	2022
UK	53,517	41,193	37,424	36,225
Europe	35,986	29,091	-	-
US	27,209	22,240	4,846	4,532
Asia	10,997	11,114	-	-
Rest of the Americas	966	294	-	-
Australasia	762	851	-	-
Africa	227	139	-	-
Total	**129,664**	104,922	**42,270**	40,757

All figures in £'000	Paper	Colourform™	TFP	Group Services	Total
Additions to non-current assets	3,717	277	1,051	734	5,779

The accompanying notes form part of the financial statements

3 Finance Costs

Finance costs include costs in respect of interest payable on borrowings and our defined benefit pension schemes. Finance income includes interest received from short term deposits.

All figures in £'000	2023	2022
Finance costs		
Interest payable on bank borrowings	705	260
Interest payable in relation to lease liabilities	268	209
Net finance costs arising on defined benefit schemes	345	367
Other finance charges	127	12
Fair value adjustment on contingent consideration	109	76
Fair value adjustments on derivatives	143	-
Total finance costs	**1,697**	924
Finance income		
Finance income in respect of cash and short term investments	1	17
Total finance income	**1**	17
Net finance costs	**1,696**	907

4 Profit before taxation

All figures in £'000

The following items have been charged / (credited) in arriving at profit before tax:	Note	2023	2022
Employee benefit costs	23	34,459	30,535
Depreciation and amortisation:			
- Property, plant and equipment	10	3,065	3,063
- Right-of-use assets	11	1,008	802
- Intangible assets	9	205	186
Other income:			
- Research and development tax credits		(338)	(555)
- Royalty income		-	(37)
- Storage		(5)	-
- Government grants received		(307)	(152)
Other expenses:			
- Repairs and maintenance expenditure on property, plant and equipment		6,326	4,991
- Environmental taxation		2,089	1,121
- Distribution costs		4,869	4,448
- Administration costs		7,504	6,031
- Sales and marketing costs		1,314	1,093
- Research and development expenditure		3,207	2,896
- Profit on disposal of property, plant and equipment and intangible assets		(589)	-
- Foreign exchange differences		(235)	(90)
- Earn-out adjustment on contingent consideration on business acquisition		986	354
Provision for impairment reversal – Trade receivables		(134)	(184)

Government grants relate to assistance received for research projects and the development of new technology.

Services Provided by the Group's Auditor and network firms

During the year the Group obtained the following services from the Group's auditor at costs as detailed below:

All figures in £'000	2023	2022
Audit Services		
Fees payable to the Company's auditor for the audit of parent Company and consolidated accounts	98	36
Remuneration payable to the Company's auditor for the auditing of subsidiary accounts and associates of the Company pursuant to legislation (including that of countries and territories outside Great Britain)	250	92
	348	128
Other non-audit services	10	-

The accompanying notes form part of the financial statements

5 Taxation

Analysis of charges in the period.

All figures in £'000 Continuing operations	Note	Group 2023	Group 2022
Current tax		419	298
Adjustments in respect of prior period current tax		70	250
Total current tax		**489**	548
Deferred tax		179	264
Adjustments in respect of prior period deferred tax		76	(38)
Effects of changes in tax rate		53	645
Total deferred tax	21	**308**	871
Tax per Statement of Comprehensive Income		**797**	1,419
Tax on items charged to other comprehensive income			
Deferred tax on actuarial gains on retirement benefit liabilities		(972)	179
Tax on items charged to equity			
Deferred tax on share options		10	(8)

The tax for the period is higher (2022: higher) than the standard rate of corporation tax in the UK of 19% (2022: 19%).

The differences are explained below:

All figures in £'000 Continuing operations	Group 2023	Group 2022
Profit before tax	**1,313**	2,777
Profit on ordinary activities multiplied by rate of corporation tax in the UK of 19% (2022: 19%)	249	528
Effects of:		
Adjustments to tax in respect of prior period	146	212
Changes to tax rates	53	645
Deferred tax on share options	64	11
Expenses not deductible for tax purposes	309	115
Deferred tax not recognised in overseas jurisdictions	15	(72)
Other	(39)	(20)
Total tax charge for the period	**797**	1,419

6 Earnings per share

Basic earnings per share is calculated on the Group profit for the period attributable to equity shareholders of £516k (2022: £1,358k) divided by 9.6m (2022: 9.6m), being the weighted average number of shares in issue during the year.

Diluted earnings per share reflects any commitments made by the Group to issue shares in the future. The weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. Current share options would be vested by awarding shares already in existence and held within the Group. At 1 April 2023 there were no potential dilutive share options outstanding (2022: nil).

	2023 Earnings £'000	Weighted average number of share '000	Amount per share pence	2022 Earnings £'000	Weighted average number of share '000	Amount per share pence
Earnings attributable to ordinary shareholders	516	9,555	5.4	1,358	9,555	14.2
Basic and diluted EPS	**516**	**9,555**	**5.4**	**1,358**	**9,555**	**14.2**

7 Dividends

All figures in £'000	2023	2022
Final paid for the period ended 26 March 2022 / 27 March 2021	708	-
Interim paid for the period ended 1 April 2023 / 26 March 2022	189	236
Total dividends paid in the year	897	236
Final dividend per share for the period ended 26 March 2022 / 27 March 2021	7.5p	-
Interim dividend per share for the period ended 1 April 2023 / 26 March 2022	2.0p	2.5p

In addition, the Directors are proposing a final dividend in respect of the period ended 1 April 2023 of 4.0p per share (2022: 7.5p per share) which will absorb an estimated £378k (2022: £708k) of shareholders' funds.

If approved by members at the Annual General Meeting, it will be paid on or before 20 October 2023 to shareholders who are on the register of members at 8 September 2023. There are no tax implications in respect of this proposed dividend.

The proposed dividend is not accounted for until it is formally approved at the Annual General Meeting.

8 Goodwill

All figures in £'000	Group 2023	Group 2022	Company 2023	Company 2022
Cost and carrying value				
At 26 March 2022 / 27 March 2021	1,264	1,264	-	-
At 1 April 2023 / 26 March 2022	1,264	1,264	-	-

Goodwill arose on the acquisition of PV3 Technologies Ltd (now known as TFP Hydrogen Products Ltd) by Technical Fibre Products Ltd on 18 January 2021.

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows. The recoverable amounts have been determined from value in use calculations based on cash flow projections from formally approved budgets covering the three year period to 31 March 2026. The discount rate used to calculate value in use was 17% and the long-term growth rate used to calculate the terminal value was 2%. The present value exceeds the carrying amount and no impairment has been suffered. There is no reasonable possible change in key assumptions that would lead to an impairment charge at the reporting date.

9 Intangible assets

Group

All figures in £'000	Computer Software	Development Costs	Trade Secrets	Customer Relationships	Technology	Brands	Emission Allowances	Total
Cost								
At 26 March 2022	4,334	457	310	567	359	31	570	6,628
Additions	231	-	-	-	-	-	3,145	3,376
Transfer to property, plant and equipment	(6)	-	-	-	-	-	-	(6)
Disposals/surrender of allowance	(229)	-	-	-	-	-	(3,221)	(3,520)
Derecognition of fully amortised assets	-	-	(310)	-	-	(31)	-	(341)
At 1 April 2023	4,330	457	-	567	359	-	494	6,207
Aggregate amortisation								
At 26 March 2022	4,135	456	310	69	43	31	-	5,044
Charge for Period	110	1	-	57	37	-	-	205
Transfer to property, plant and equipment	4	-	-	-	-	-	-	4
Derecognition of fully amortised asset	-	-	(310)	-	-	(31)	-	(341)
Disposals	(229)	-	-	-	-	-	-	(229)
At 1 April 2023	4,020	457	-	126	80	-	-	4,683
Net book value at 1 April 2023	**310**	**-**	**-**	**441**	**279**	**-**	**494**	**1,524**
Net book value at 26 March 2022	**199**	**1**	**-**	**498**	**316**	**-**	**570**	**1,584**

Group

All figures in £'000	Computer Software	Development Costs	Trade Secrets	Customer Relationships	Technology	Brands	Emission Allowances	Total
Cost								
At 27 March 2021	4,278	457	310	567	359	31	802	6,804
Additions	56	-	-	-	-	-	2,567	2,623
Disposals/surrender of allowances	-	-	-	-	-	-	(2,799)	(2,799)
At 26 March 2022	4,334	457	310	567	359	31	570	6,628
Aggregate amortisation								
At 27 March 2021	4,068	456	310	12	7	5	-	4,858
Charge for Period	67	-	-	57	36	26	-	186
At 26 March 2022	4,135	456	310	69	43	31	-	5,044
Net book value at 26 March 2022	199	1	-	498	316	-	570	1,584
Net book value at 27 March 2021	210	1	-	555	352	26	802	1,946

The computer software capitalised principally relates to the ongoing development of the Group's Enterprise Resource Planning and Financial systems.

The Emission Allowances relate to the allowances received through the UK Emissions Trading Scheme (UKETS) and are valued at market value at the date of initial recognition. The allocated allowances are held throughout each compliance period and are used to meet the Group's emissions obligations.

Customer Relationships, Technology and Brands were assets acquired through the purchase of TFP Hydrogen Products Ltd by Technical Fibre Products Ltd on 18 January 2021.

The accompanying notes form part of the financial statements

Company

All figures in £'000	Computer Software	Emission Allowances	Total
Cost			
At 26 March 2022	4,194	570	4,764
Additions	215	3,145	3,360
Transfer to property, plant and equipment	(6)	-	(6)
Disposals/surrender of allowances	(223)	(3,221)	(3,444)
At 1 April 2023	4,180	494	4,674
Aggregate amortisation			
At 26 March 2022	3,995	-	3,995
Charge for Period	110	-	110
Transfer to property, plant and equipment	4	-	4
Disposals	(223)	-	(223)
At 1 April 2023	3,886	-	3,886
Net book value at 1 April 2023	**294**	**494**	**788**
Net book value at 26 March 2022	**199**	**570**	**769**

Company

All figures in £'000	Computer Software	Emission Allowances	Total
Cost			
At 27 March 2021	4,138	803	4,941
Additions	56	2,567	2,623
Disposals/surrender of allowances	-	(2,800)	(2,800)
At 26 March 2022	4,194	570	4,764
Aggregate amortisation			
At 27 March 2021	3,928	-	3,928
Charge for Period	67	-	67
At 26 March 2022	3,995	-	3,995
Net book value at 26 March 2022	199	570	769
Net book value at 27 March 2021	210	803	1,013

The accompanying notes form part of the financial statements

10 Property plant and equipment

Group

All figures in £'000	Note	Freehold land & buildings	Plant & machinery	Assets under construction[1]	Total
Cost					
At 26 March 2022 - restated	28	15,243	94,250	2,896	112,389
Transfers		48	2,497	(2,545)	-
Transfer from Intangible assets		-	6	-	6
Additions at cost		74	3,681	1,512	5,267
Disposals		-	(474)	-	(474)
Effects of movements in foreign exchange		-	263	-	263
At 1 April 2023		15,365	100,223	1,863	117,451
Accumulated Depreciation					
At 26 March 2022 - restated	28	7,970	73,868	-	81,838
Charge for period	4	347	2,718	-	3,065
Transfers		(201)	201	-	-
Transfer from Intangible assets		-	(4)	-	(4)
Disposal		-	(260)	-	(260)
Effects of movements in foreign exchange		-	95	-	95
At 1 April 2023		8,116	76,618	-	84,734
Net book value at 1 April 2023		**7,249**	**23,605**	**1,863**	**32,717**
Net book value at 26 March 2022		**7,273**	**20,382**	**2,896**	**30,551**

1 Assets under construction comprise the expenditure to date on a new gas compressor.

Group

All figures in £'000	Notes	Freehold land & buildings	Plant & machinery	Assets under construction[1]	Total
Cost					
At 27 March 2021 - as previously reported		14,963	90,112	6,694	111,769
Restatement[2]	28	-	(2,298)	-	(2,298)
At 27 March 2021 - restated		14,963	87,814	6,694	109,471
Transfers		-	6,694	(6,694)	-
Transfers to right-of-use assets[3]	11	-	(3,337)	-	(3,337)
Additions at cost		280	2,965	2,896	6,141
Effects of movements in foreign exchange		-	114	-	114
At 26 March 2022		15,243	94,250	2,896	112,389
Accumulated Depreciation					
At 27 March 2021 - as previously reported		7,678	73,395	-	81,073
Restatement[2]	28	-	(2,298)	-	(2,298)
At 27 March 2021 - restated		7,678	71,097	-	78,775
Charge for period	4	292	2,771	-	3,063
At 26 March 2022		7,970	73,868	-	81,838
Net book value at 26 March 2022		7,273	20,382	2,896	30,551
Net book value at 27 March 2021		7,285	16,717	6,694	30,696

1 Assets under construction comprise the expenditure to date on an embosser and a gas compressor.
2 The restatement relates to the correction of an overstatement of cost and accumulated depreciation identified relating to plant & machinery with a nil effect on net book value.
3 Assets transferred to right-of-use assets are assets held under finance leases.

The accompanying notes form part of the financial statements

Company

All figures in £'000	Note	Freehold land & buildings	Plant & machinery	Total
Cost				
At 26 March 2022 - restated	28	1,694	2,548	4,242
Transfers		14	(14)	-
Transfers to Intangible assets		-	6	6
Additions at cost		74	200	274
At 1 April 2023		1,782	2,740	4,522
Accumulated Depreciation				
At 26 March 2022 - restated	28	552	2,060	2,612
Transfers		10	(10)	-
Transfers to Intangible assets		-	(4)	(4)
Charge for period		22	134	156
At 1 April 2023		584	2,180	2,764
Net book value at 1 April 2023		**1,198**	**560**	**1,758**
Net book value at 26 March 2022		**1,142**	**488**	**1,630**

Company

All figures in £'000	Note	Freehold land & buildings	Plant & machinery	Total
Cost				
At 27 March 2021 - as previously reported		1,694	2,809	4,503
Restatement[2]	28	-	(266)	(266)
At 27 March 2021 - restated		1,694	2,543	4,237
Additions at cost		-	5	5
At 26 March 2022		1,694	2,548	4,242
Accumulated Depreciation				
At 27 March 2021 - as previously reported		530	2,199	2,729
Restatement[2]	28	-	(266)	(266)
At 27 March 2021 - restated		530	1,933	2,463
Charge for period		22	127	149
At 26 March 2022		552	2,060	2,612
Net book value at 26 March 2022		1,142	488	1,630
Net book value at 27 March 2021		1,164	610	1,774

The accompanying notes form part of the financial statements

11 Right-of-use assets

Group

All figures in £'000	Note	Land & buildings	Plant, equipment & vehicles	Total
Cost				
At 26 March 2022		3,944	5,651	9,595
Additions		26	255	281
Disposals		-	(47)	(47)
Effects of movements in foreign exchange		167	-	167
At 1 April 2023		4,137	5,859	9,996
Accumulated Depreciation				
At 26 March 2022		979	1,258	2,237
Charge for the period	4	423	585	1,008
Disposals		-	(38)	(38)
Effects of movements in foreign exchange		24	-	24
At 1 April 2023		1,426	1,805	3,231
Net book value at 1 April 2023		**2,711**	**4,054**	**6,765**
Net book value at 26 March 2022		**2,965**	**4,393**	**7,358**

All figures in £'000	Note	Land & buildings	Plant, equipment & vehicles	Total
Cost				
At 27 March 2021		3,585	2,182	5,767
Additions		222	304	526
Transfers from property, plant & equipment[1]	10	-	3,337	3,337
Disposals		-	(172)	(172)
RoU reassessments		37	-	37
Effects of movements in foreign exchange		100	-	100
At 26 March 2022		3,944	5,651	9,595
Accumulated Depreciation				
At 27 March 2021		586	1,021	1,607
Charge for the period	4	393	409	802
Disposals		-	(172)	(172)
At 26 March 2022		979	1,258	2,237
Net book value at 26 March 2022		**2,965**	**4,393**	**7,358**
Net book value at 27 March 2021		**2,999**	**1,161**	**4,160**

1 Assets where ownership is transferred to the Group/Company upon completion of the lease liability are transferred into Property, plant and equipment (Note 10).

The accompanying notes form part of the financial statements

Notes to the Financial Statements

Company

All figures in £'000	Note	Plant, equipment & vehicles	Total
Cost			
At 26 March 2022		538	538
Additions		245	245
Disposals		(47)	(47)
At 1 April 2023		736	736
Accumulated Depreciation			
At 26 March 2022		195	195
Charge for the period		177	177
Disposals		(38)	(38)
At 1 April 2023		334	334
Net book value at 1 April 2023		**402**	**402**
Net book value at 26 March 2022		**343**	**343**

All figures in £'000	Note	Plant, equipment & vehicles	Total
Cost			
At 27 March 2021		459	459
Additions		251	251
Disposals		(172)	(172)
At 26 March 2022		538	538
Accumulated Depreciation			
At 27 March 2021		223	223
Charge for the period		144	144
Disposals		(172)	(172)
At 26 March 2022		195	195
Net book value at 26 March 2022		**343**	**343**
Net book value at 27 March 2021		**236**	**236**

Total cash outflow of leases in the year was £1,561k. There were no expenses relating to variable lease payments not included in lease liabilities or expenses relating to short-term or low value assets.

The accompanying notes form part of the financial statements

12 Investments

Investments in subsidiary undertakings

All figures in £'000	Group 2023	Group 2022	Company 2023	Company 2022
At 1 April 2023 and 26 March 2022	-	-	7,350	7,350

Investments in subsidiary undertakings are stated at cost. A list of principal subsidiary undertakings is given below:

Company name	Country of incorporation	Registered office (see below)	% holding of ordinary shares	Direct or indirect holding	Nature of business
James Cropper Speciality Papers Limited	England	(i)	100	Direct	Manufacturer of specialist paper and board
James Cropper (Guangzhou) Trading Co Limited	China	(iii)	100	Indirect	Sales and marketing organisation
James Cropper Converting Limited	England	(i)	100	Direct	Paper converter
James Cropper 3D Products Limited	England	(i)	100	Direct	Manufacturer of moulded fibre products
Technical Fibre Products Limited	England	(i)	100	Direct	Manufacturer of advanced materials
TFP Hydrogen Products Limited	England	(i)	100	Indirect	Manufacturer of electrochemical materials
Tech Fibers Inc	USA	(ii)	100	Indirect	Holding company
Technical Fibre Products Inc	USA	(ii)	100	Indirect	Sales and marketing organisation
Metal Coated Fibers Inc	USA	(ii)	100	Indirect	Manufacturer of metal coated carbon fibres
Electro Fiber Technologies LLC	USA	(ii)	100	Indirect	Manufacturer of metal coated fibres
James Cropper EBT Limited	England	(i)	100	Direct	Dormant company
Melmore Limited	England	(i)	100	Direct	Dormant company
James Cropper Paper Limited	England	(i)	100	Direct	Dormant company
The Paper Mill Shop Company Limited	England	(i)	100	Direct	Dormant company
James Cropper Overseas Trading Limited	England	(i)	100	Direct	Marketing organisation
James Cropper Germany GmbH	Germany	(iv)	100	Indirect	Dormant company

(i) Burneside Mills, Kendal, Cumbria, England, LA9 6PZ

(ii) 679 Mariaville Road, Schenectady, NY 12306, USA

(iii) Level 54 Guangzhou IFC, 5 Zhujiang Road West, Zhujiang New Town, China

(iv) c/o DWF Germany Rechtsanwaltsgesellschaft mbH, Habsburgerring 2, 50674 Koln, Germany.

13 Inventories

All figures in £'000	Group 2023	Group 2022
Materials	7,251	8,795
Work in progress	2,677	3,069
Finished goods	8,376	5,729
	18,304	17,593

Inventories are stated after a provision for impairment of £1,576k (2022: £1,308k).

The cost of inventories recognised as expenses and included in raw materials and consumables used, changes in inventories of finished goods and work in progress, energy costs, employee benefit costs and other expenses for the year ended 1 April 2023 was £93,383k (2022: £76,383k).

The Company does not hold any inventories.

14 Trade and other receivables

All figures in £'000	Group 2023	Group 2022	Company 2023	Company 2022
Trade receivables	21,646	18,555	-	-
Less: Provision for impairment of receivables	(643)	(777)	-	-
Trade receivables – net	21,003	17,778	-	-
Amounts owed by Group undertakings	-	-	52,197	52,468
Other receivables	914	945	910	929
Prepayments	2,203	2,406	884	1,352
	24,120	21,129	53,991	54,749

The carrying value of trade and other receivables classified at amortised cost approximates fair value.

The Group does not hold any collateral as security.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing.

The expected loss rates are based on the Group's historical credit losses experienced. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group has identified the current state of the economy and industry specific factors as the key macroeconomic factors in the countries where the Group operates.

Amounts owed by Group undertakings include loans of £26,000k (2022: £27,519k) with a fixed term of one year with an interest charge of 3.2% (2022: 3.6%) per annum. Intercompany funding accounts of £20,867k (2022: £22,675k) and intercompany current accounts of £5,330k (2022: £2,274k) are settled within 30 days.

15 Other Financial Assets

All figures in £'000	Group 2023	Group 2022	Company 2023	Company 2022
Interest Rate Cap	1,082	-	1,082	-
Non-current asset	654	-	654	-
Current asset	428	-	428	-

The loss arising in the Statement of Comprehensive Income on fair value hedging instruments was £143k (2022: £nil). The net gain arising in the Statement of Other Comprehensive Income on fair value hedging instruments was £737k (2022: £nil).

16 Trade and other Payables

All figures in £'000	Group 2023	Group 2022	Company 2023	Company 2022
Trade payables	11,188	11,640	1,179	2,724
Amounts owed to Group undertakings	-	-	3,960	11,777
Other tax and social security payable	673	2,178	141	382
Other payables	1,114	687	935	352
Accruals	7,881	6,181	1,249	1,089
Contingent consideration[1]	250	250	-	-
Due within one year	21,106	20,936	7,464	16,324

The fair values of trade and other payables approximate their carrying values presented.

All figures in £'000	Group 2023	Group 2022	Company 2023	Company 2022
Contingent consideration[1]	1,423	578	-	-
Due after one year	1,423	578	-	-

Deferred / contingent consideration		Group Deferred consideration		Group Contingent consideration	
All figures in £'000	Note	2023	2022	2023	2022
Balance as at 26 March 2022 / 27 March 2021		-	397	828	401
Payments made		-	(400)	(250)	-
Earn-out adjustment	4	-	-	986	354
Fair value adjustment	3	-	3	109	73
Balance at 1 April 2023 / 26 March 2022		-	-	1,673	828
Due after one year		-	-	1,423	578
Due within one year		-	-	250	250

1 Contingent consideration is the fair value of earn out considerations on the acquisition of PV3 Technologies Ltd (now known as TFP Hydrogen Products Ltd), based on the estimated future performance of the subsidiary against earn out targets. The actual performance of TFP Hydrogen Products for the period ended 1 April 2023 and 26 March 2022 exceeded expectations as at acquisition, resulting in an earn out payment falling due for payment in the following financial year which is presented within trade and other payables. In addition, future projections for the subsidiary have resulted in an increase in provision of further potential earn out payments.

The fair value is determined by discounting the expected payment to present value using a risk adjusted discount rate. Payment is dependent on achieving predetermined targets based on future performance and profitability. The key assumptions in assessing the fair value are that the business will perform in line with formally approved budgets for year-ending March 2024. A risk adjusted discount rate of 19% has been applied. Reasonable sensitivities have been assessed and a change in discount rates, or under or over performance in terms of achieving the key targets would have minimal impact on the current valuation.

17 Other Financial Liabilities

Group and Company

All figures in £0'000	Note	2023	2022
Foreign exchange rate swaps for hedging	19	58	6
Current liabilities		58	6

The liabilities are held at fair value. The net loss arising in the Statement of Other Comprehensive Income on fair value hedging instruments was £52k (2022: profit of £10k).

The accompanying notes form part of the financial statements

18 Borrowings

All figures in £'000	Note	Group 2023	Group 2022 Restated	Company 2023	Company 2022 Restated
Current					
Bank loans and overdrafts due within one year or on demand:					
Unsecured bank loans[1]		464	256	68	-
Lease liabilities		1,294	1,339	149	133
	19.3	1,758	1,595	217	133
Non-current loans					
Unsecured bank loans[1]		16,933	11,966	12,797	7,722
Lease liabilities		5,582	6,483	222	182
	19.3	22,515	18,449	13,019	7,904

1 The bank loans bear interest rates between 1.95% and 2.75% above SOFRA or SONIA, where applicable.

Reconciliation of net cash flow to net debt

Group All figures in £'000	26 March 2022 Restated	Cash flow	Non-cash additions	Finance costs	Interest paid	Reclassify	Exchange movement	1 April 2023
Loans repayable within 1 year	256	(288)	-	816	(713)	393	-	464
Loans repayable after 1 year	11,966	5,050	-	-	-	(393)	310	16,933
	12,222	4,762	-	816	(713)	-	310	17,397
Lease liabilities repayable within 1 year	1,339	(1,561)	-	268	(116)	1,364	-	1,294
Lease liabilities repayable after 1 year	6,483	-	281	-	-	(1,364)	182	5,582
	7,822	(1,561)	281	268	(116)	-	182	6,876
Total borrowings	20,044	3,201	281	1,084	(829)	-	492	24,273
Cash and cash equivalents	7,750	(471)	-	-	-	-	400	7,679
Net Debt	12,294	3,672	281	1,084	(829)	-	92	16,594

The accompanying notes form part of the financial statements

19 Financial Instruments and Risk

The Group has exposure to the following risks from its use of financial instruments: *Credit risk, Liquidity risk, Currency risk* and *Interest rate risk*. This note presents information about the fair value of the Group's financial instruments, the Group's exposure to each of the risks noted and the Group's objectives, policies and processes for measuring and managing risk. The Board has overall responsibility of the risk management strategy and coordinates activity across the Group. This responsibility is discussed further in the Directors' report. Exposure to the financial risks noted, arise in the normal course of the Group's business.

19.1 Financial instruments by category

The fair values of the financial assets and liabilities of the Group are as follows:

Group		Fair value through profit or loss		Amortised cost loans and receivables	
All figures in £'000	**Note**	**2023**	2022	**2023**	2022 - restated
Financial assets					
Non-Current					
Other financial assets	15	654	-	-	-
		654	-	-	-
Current					
Trade receivables	14	-	-	21,003	17,778
Other receivables	14	-	-	914	945
Other financial assets - Derivatives	15	428	-	-	-
Cash and cash equivalents		-	-	7,679	7,750
		428	-	29,596	26,473
Financial liabilities					
Current					
Trade payables	16	-	-	11,188	11,640
Other payables	16	-	-	1,114	687
Accruals	16	-	-	7,881	6,181
Contingent consideration	16	250	250	-	-
Other financial liabilities - Derivatives	17	58	6	-	-
Loans and borrowings	18	-	-	1,758	1,595
		308	256	21,941	20,103
Non-current					
Loans and borrowings	18	-	-	22,515	18,449
Contingent consideration	16	1,423	578	-	-
		1,423	578	22,515	18,449

The fair values of the financial assets and liabilities of the Company are as follows:

Company		Fair value through profit or loss		Amortised cost loans and receivables	
All figures in £'000	**Note**	**2023**	2022	**2023**	2022 - restated
Financial assets					
Non-Current					
Other financial assets	15	654	-	-	-
		654	-	-	-
Current					
Amounts owed by Group undertakings	14	-	-	52,197	52,468
Other receivables	14	-	-	910	929
Other financial assets - Derivatives	15	428	-	-	-
Cash and cash equivalents		-	-	3,506	4,011
		428	-	56,613	57,408
Financial liabilities					
Current					
Trade payables	16	-	-	1,179	2,724
Amounts owed to Group undertakings	16	-	-	3,960	11,777
Other payables	16	-	-	935	352
Accruals	16	-	-	1,249	1,089
Other financial liabilities - Derivatives	17	58	6	-	-
Loans and borrowings	18	-	-	217	133
		58	6	7,540	16,075
Non-current					
Loans and borrowings	18	-	-	13,019	7,904

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings. Due to their short term nature, the carrying values of cash and cash equivalents, trade and other receivables, and trade and other payables approximates their fair value. The table below analyses financial instruments carried at fair value, by valuation method.

Level 2: other techniques for which all inputs which have significant effect on the recorded fair value are observable, either directly or indirectly. Fair value estimates of derivatives are based on relevant market information and information about the financial instruments which are subjective in nature. The fair value of these instruments is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows for each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves, spot and forward rates, as well as option volatility. To comply with provisions of IFRS 13, the Company incorporates credit valuation adjustments to appropriately reflect both its own non-performance risk and the respective counterparty's non-performance risk in the fair value measurements.
In adjusting the fair value of its derivative contracts for the effect of non-performance risk, the Company has considered the impact of netting and any applicable credit enhancements such as collateral postings, thresholds, mutual puts and guarantees.

All figures in £'000	**2023 Level 2**	**2023 Total**	2022 Level 2	2022 Total
Financial assets (Group and Company)				
Derivatives	1,082	1,082	-	-
Financial liabilities (Group and Company)				
Derivatives	58	58	6	6

The details below summarise the Company's risk management positions to fluctuations in reasonably possible changes in the underlying benchmark prices, with all other variables held.

All figures in £'000	**-100bps**	**-50bps**	**Total Value +0bps**	**+50bps**	**+100bps**
Financial assets (Group and Company)					
Derivatives	716	898	1,082	1,266	1,449

19.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty fails to meet its contractual obligations. The Group is exposed to credit risk from financial assets including cash and cash equivalents held at banks, and trade and other receivables. Credit risk arising from the Group's normal commercial activities are controlled by individual business units operating in accordance with Group policies and procedures. The credit risk in respect of cash balances held by banks are managed by only engaging with major reputable financial institutions. Exposure to credit risk arises from the potential of a customer defaulting on their invoiced sales. Some of the Group's businesses have credit insurance in place. For uninsured customers, the financial strength and credit worthiness of the customer is assessed from a variety of internal and external information, and specific credit risk controls that match the risk profile of those customers are applied. Ongoing credit risk is managed through regular review of ageing analysis, together with credit limits per customer. Trade receivables consist of a large number of customers in various industries and geographical areas. The Group does not hold any collateral relating to other financial assets at each annual reporting date.

Trade receivables as at 1 April 2023 / 26 March 2022 were:

Group		
All figures in £'000	**2023**	2022
James Cropper Speciality Papers	11,408	9,721
James Cropper Converting	2,032	1,452
James Cropper 3D Products	1,112	733
Technical Fibre Products	7,094	6,649
Trade receivables	21,646	18,555
Provision for impairment on trade receivables	(643)	(777)
	21,003	17,778

The Company does not have trade receivables.
The majority of trade receivables are covered by credit insurance.

All trade receivables have been reviewed under the expected credit loss impairment model and a provision of £643k (2022: £777k) has been recorded accordingly. The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. The expected loss rates are based on the Group's historical credit losses experienced. The historic loss rates are then adjusted for current and forward-looking information on macro-economic factors affecting the Group's customers. The Group has identified gross domestic product (GDP) and unemployment rates of the countries in which the customers are domiciled to be the most relevant factors and accordingly adjust historical loss rates for expected changes in these factors.

However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within each annual reporting period. Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Specific provisions are made and if the case leads to court to claim the amounts due, this will be pursued, and then any remaining balances outstanding at this point will be written off.

On the above basis the expected credit loss for trade receivables at 1 April 2023 and 26 March 2022 was determined as follows:

2023 All figures in £'000	Current	Trade Receivables days past due More than 30 days	More than 60 days	More than 90 days	Total
Expected credit loss rate	1%	6%	24%	48%	3%
Gross carrying amount	19,046	1,990	212	398	21,646
Lifetime expected credit loss	277	123	50	193	643

2022 All figures in £'000	Current	Trade Receivables days past due More than 30 days	More than 60 days	More than 90 days	Total
Expected credit loss rate	3%	6%	17%	21%	4%
Gross carrying amount	16,647	1,196	377	334	18,554
Lifetime expected credit loss	568	76	64	69	777

Movements in provision for impairment on trade receivables are as follows:

Group

All figures in £'000	2023	2022
At 26 March 2022 / 27 March 2021	777	961
Decreased during the period	(134)	(184)
Utilised during the period	-	-
At 1 April 2023 / 26 March 2022	643	777

Provision for impairment - Company disclosure:

Intra-group loan receivables are as follows:

All figures in £'000	2023	2022
James Cropper Speciality Papers Limited	12,000	12,000
James Cropper Converting Limited	3,000	3,000
James Cropper 3D Products Limited	4,000	4,000
Technical Fibre Products Limited	7,000	8,519
	26,000	27,519
Provision for impairment	-	-
Net Intra-group loans	26,000	27,519

Movements in provision for impairment on intra-group loan receivables are as follows:

Company

All figures in £'000	2023	2022
At 26 March 2022 / 27 March 2021	-	260
Released during the period	-	(260)
At 1 April 2023 / 26 March 2022	**-**	-

19.3 Liquidity risk

Liquidity risk is the risk that the Group will not have sufficient funds to meet liabilities. The Group's policy is to maintain a mix of short, medium and long term borrowings with a number of banks. Short term flexibility is achieved through overdraft facilities. In addition, it is the Group's policy to maintain undrawn committed borrowing facilities in order to provide flexibility in the management of liquidity.

Current and non- current financial liabilities

The maturity profile of the carrying amount of the current and non-current financial liabilities at 1 April 2023 / 26 March 2022 was as follows:

Group All figures in £'000	2023 Debt	Lease liabilities	Derivatives	Total	2022 Debt	Lease liabilities	Derivatives	Total
In less than one year	498	1,344	58	1,900	256	1,339	6	1,601
In more than one year but not more than two years	517	1,062	-	1,579	370	1,222	-	1,592
In more than two years but not more than five years	11,418	2,447	-	13,865	6,567	2,317	-	8,884
In more than five years	5,200	2,694	-	7,894	5,307	2,944	-	8,251
	17,633	7,547	58	25,238	12,500	7,822	6	20,328

Company All figures in £'000	2023 Debt	Lease liabilities	Derivatives	Total	2022 Debt	Lease liabilities	Derivatives	Total
In less than one year	102	160	58	320	-	133	6	139
In more than one year but not more than two years	-	137	-	137	-	92	-	92
In more than two years but not more than five years	7,800	92	-	7,892	2,693	90	-	2,783
In more than five years	5,200	-	-	5,200	5,307	-	-	5,307
	13,102	389	58	13,549	8,000	315	6	8,321

Trade payables

Trade payables at the reporting date was:

All figures in £'000	Group 2023	Group 2022	Company 2023	Company 2022
Trade payables	11,188	11,640	1,179	2,074
Total contractual cash flows	11,188	11,640	1,179	2,074

Borrowing facilities

The Group has the following undrawn committed borrowing facilities available at 1 April 2023 / 26 March 2022:

All figures in £'000	Group 2023 Floating rate	Group 2022 Floating rate
Expiring within one year	3,500	3,500
Expiring after one year	12,000	17,000

The Group's expiry profile of the drawn down facilities is as follows:

All figures in £'000	Group 2023	Group 2022	Company 2023	Company 2022
March 2024	42	-	42	-
December 2026	4,500	4,500	-	-
March 2030	13,000	8,000	13,000	8,000
	17,542	12,500	13,042	8,000

19.4 Currency risk

The Group publishes its consolidated financial statements in sterling and has subsidiaries that operate in the United States of America and China. The group trades with certain debtors and creditors in foreign currencies. As a result, it is subject to foreign currency exchange risk arising from exchange rate movements which will be reflected in the Group's transaction costs.

The Group is exposed to foreign exchange risks primarily with respect to US Dollars and the Euro. Where possible, the Group maintains a policy of balancing sales and purchases denominated in foreign currencies. Where an imbalance remains, the group has entered into certain forward exchange contracts.

Represented below is the net exposure to foreign currencies, reported in pounds sterling, and arising from all Group activities, as at 1 April 2023.

2023 - Group All figures in £'000	USD	Euro	Other	Local Currency	Total
Trade Receivables	4,342	5,034	84	11,543	21,003
Trade Payables	2,243	1,989	4	6,952	11,188
Net exposure	2,099	3,045	80	4,591	9,815

At 26 March 2022 the Group's exposure to foreign currency risk was as follows:

2022 - Group All figures in £'000	USD	Euro	Other	Local Currency	Total
Trade Receivables	3,161	4,270	-	10,347	17,778
Trade Payables	2,503	1,201	-	7,936	11,640
Net exposure	658	3,069	-	2,411	6,138

This represents the net exposure to foreign currencies, reported in pounds Sterling, and arising from all Group activities.

At 1 April 2023, the Company's exposure to foreign currency risk was as follows:

2023 - Company All figures in £'000	USD	Euro	Other	Local Currency	Total
Trade Receivables	-	-	-	-	-
Trade Payables	16	8	-	1,155	1,179
Net exposure	(16)	(8)	-	(1,155)	(1,179)

At 26 March 2022, the Company's exposure to foreign currency risk was as follows:

2022 - Company All figures in £'000	USD	Euro	Other	Local Currency	Total
Trade Receivables	-	-	-	-	-
Trade Payables	6	13	-	2,705	2,724
Net exposure	(6)	(13)	-	(2,705)	(2,724)

The accompanying notes form part of the financial statements

A one percent strengthening of the pound against the Euro and the US Dollar at 1 April 2023 / 26 March 2022 would have had the following impact on profit.

All figures in £'000	Group Profit 2023	Group Profit 2022	Company Profit 2023	Company Profit 2022
USD	(23)	(21)	-	-
Euro	(34)	(30)	-	-

This sensitivity analysis is indicative only and it should be noted that the Group's exposure to such market rate changes is continually changing. The calculations assume all other variables, remain constant.

19.5 Interest rate risk

Interest rate risk derives from the Group's exposure to changes in value of an asset or liability or future cash flow through changes in interest rates. The Group finances its operations through a mixture of retained profit and bank borrowings. The Group borrows in the desired currencies at fixed or floating rates of interest. The exposure is measured on variable rate debt instruments.

The net exposure to interest rates at the reporting date can be summarised as follows:

All figures in £'000	Group 2023	Group 2022	Company 2023	Company 2022
Interest bearing liabilities - floating				
Borrowings	17,396	12,222	12,866	7,722
Interest bearing liabilities - fixed				
Lease liabilities	6,877	7,822	370	315
Interest bearing liabilities	**24,273**	20,044	**13,236**	8,037

The effective interest rates as at 1 April 2023 / 27 March 2022 were as follows:

	2023 %	2022 %
Bank overdraft	3.5	2.75
Borrowings	4.3	1.50

The sensitivity analysis below assumes a 100 basis point change in interest rates from their levels at the reporting date, with all other variables held constant. A 1% rise in interest rates would result in an additional £43k for the Group and £nil for the Company in interest expense being incurred. The impact of a decrease in rates would be an identical reduction in the annual charge.

Group	Statement of comprehensive income £'000
1 April 2023	43
26 March 2022	125

Company	Statement of comprehensive income £'000
1 April 2023	-
26 March 2022	83

The accompanying notes form part of the financial statements

19.6 Derivative contracts

Group and Company
Derivative assets

All figures in £'000	2023	2022
Derivatives designated as hedging instruments		
Interest rate cap	1,082	-
Total derivatives designated as hedging instruments	1,082	-
Total derivative financial assets	1,082	-
Non-current portion	654	-
Current portion	428	-

Derivative liabilities

All figures in £'000	2023	2022
Derivatives designated as hedging instruments		
Forward foreign exchange contracts	58	6
Total derivatives designated as hedging instruments	58	6
Total derivative financial liabilities	58	6
Current portion	58	6

The Group has elected to adopt the hedge accounting requirements of IFRS 9 Financial Instruments. The Group enters into hedge relationships where the critical terms of the hedging instrument and the hedged item match, therefore, for the prospective assessment of effectiveness a qualitative assessment is performed. Hedge effectiveness is determined at the origination of the hedging relationship. Quantitative effectiveness tests are performed at each period end to determine the continuing effectiveness of the relationship. In the instance where changes occur to the hedged item which result in the critical terms no longer matching, the hypothetical derivative method is used to assess effectiveness.

Cash flow interest rate cap

The Group has entered into a SONIA interest rate cap, with an effective date of 28 March 2022, to manage exposure to interest rate fluctuations. The Group has a floating rate liability with an interest profile linked to SONIA compounded in arrears. The Cap is set at 1.5% per annum on a notional £15,000,000. The Cap helps to protect the Group from the risk of interest rates rising above the Cap Rate, limiting the Group's exposure to higher interest rates.

The effects of the cash flow interest rate swap hedging relationships are as follows as at 1 April 2023 / 26 March 2022:

All figures in £'000	2023	2022
Carrying amount of the derivatives	1,083	-
Change in fair value of the designated hedging instrument	1,083	-
Notional amount	15,000	-
Maturity date	30 March 2026	-

Cash flow forward foreign exchange contracts

Foreign exchange risk arises when individual group operations enter into transactions denominated in a currency other than their functional currency. Where the risk to the Group is considered to be significant, Group treasury will enter into a matching forward foreign exchange contract with a reputable bank.

The hedging ratio is 1:1, with the Group committing to sell forward highly probable forecast Euro receipts to an equal value of the foreign exchange contracts.

The hedged forecast transactions denominated in foreign currency are expected to occur at various dates in the next 12 months. Gains and losses on the effective element of forward foreign exchange contracts as at 1 April 2023 (2022: 26 March 2022) are recognised in the group statement of comprehensive income and tracked separately in the period or periods during which the hedged forecast transactions affects the group statement of comprehensive income. This is expected to be within 12 months of the end of the financial year in respect of the forward currency contracts taken out as at 1 April 2023 (2022: 26 March 2022).

No ineffective portion of the forward foreign exchange contract was recognised in the group statement of comprehensive income in the period.

The effects of the cash flow forward foreign exchange contract hedging relationships are as follows as at 1 April 2023 / 26 March 2022:

All figures in £'000	2023	2022
Carrying amount of the derivatives	58	6
Change in fair value of the designated hedging instrument	52	6
Change in fair value of the designated hedged item	(52)	(6)
Notional amount	12,032	7,659
Maturity date	18 March 2024	20 March 2023

20 Retirement benefits

The Group operates a number of pension schemes. Two of these schemes, the James Cropper PLC Works Pension Plan ("Works Scheme") and the James Cropper PLC Pension Scheme ("Staff Scheme") are funded schemes of the defined benefit type. The Group also operates a defined contribution scheme and makes contributions to personal pension plans for its employees in the USA.

Pension costs for the defined contribution scheme and personal pension contributions are as follows:

All figures in £'000	2023	2022
Defined contribution schemes	905	893
Personal Pension contributions	97	38

Other pension costs totalled £731k (2022: £732k) and represent life assurance charges, government pension protection fund levies and other current service costs.

Defined benefit plans

With effect from 1 April 2011 active members' benefits were reduced such that future increases in pensionable salaries were restricted to a cap of 2% per annum. As from 1 April 2017 (Works Scheme) and 1 July 2017 (Staff Scheme) increases in pension once it is in-payment will be in line with the annual increase in CPI.

The Staff and Works Schemes will remain defined benefit schemes but they will no longer be "final salary" schemes. The most recent actuarial valuations of the Staff Scheme and the Works Scheme were undertaken in 2022 by qualified independent actuaries. The major assumptions used by the actuary for each scheme were as noted below. The expected return on plan assets is calculated by using a weighted average across each category of asset:

	Staff Scheme		Works Scheme	
All figures in %	2023	2022	2023	2022
CPI Inflation assumption	2.95	3.30	2.95	3.25
RPI Inflation assumption	3.40	3.75	3.35	3.65
Rate of increase in pensionable salaries	1.70	1.80	1.70	1.80
Discount rate	4.85	2.75	4.90	2.75
Pension increases for in-payment benefits capped at 5%, with a 3% floor	3.75	3.90	3.50	3.65
Pension increases for in-payment benefits capped at 2.5%, with a 0% floor	2.15	2.25	2.15	2.25

The mortality assumptions have been set in line with the best-estimate results of the Medically Underwritten Mortality study carried out as part of the ongoing 2022 actuarial valuation.

In respect of mortality for the Works members the assumptions adopted at 28 March 2020 are 142% of the SAPS "S3" series table, with future improvements in line with the CMI core 2022 projection model with long-term trend improvements of 1.25% pa.

For the Staff members the SAPS "S3" series table with a 142% rating has been used, with future improvements in line with the CMI core 2022 projection model with long term trend improvements of 1.25% pa.

The long-term expected rate of return on cash is determined by reference to bank base rates at the SFP dates.

The long-term expected return on bonds is determined by reference to UK long dated government and corporate bond yields at the SFP date.

The long-term expected rate of return on equities is based on the rate of return on bonds with an allowance for out-performance.

The method adopted for determining the discount rate has been selected as the most appropriate following specialist advice and the discount rate has been calculated based on a yield curve at an appropriate duration to the schemes' liabilities.

A decrease in the discount rate by 0.25% would increase the defined benefit obligations by 2.9% for the staff scheme and 3.5% for the works scheme.

Pension payments are not expected to peak until 2040, and expected to continue until 2080.

The accompanying notes form part of the financial statements

The amounts recognised in the Statement of Financial Position ("SFP") are determined as follows:

All figures in £'000	2023	2022 Restated*	2021 Restated	2020	2019
Defined benefit obligation ("DBO")	(89,305)	(121,651)	(136,140)	(121,470)	(132,646)
Fair value of assets ("FVA")	73,165	109,909	117,704	113,968	109,998
Deficit	(16,140)	(11,742)	(18,436)	(7,502)	(22,648)
Effect of limit on recoverable surplus	-	(1,388)	-	(1,880)	-
Net liability recognised in the SFP	(16,140)	(13,130)	(18,436)	(9,382)	(22,648)
Staff Scheme	(2,144)	1,623	(1,383)	1,880	(7,664)
Works Scheme	(13,996)	(13,365)	(17,053)	(9,382)	(14,984)
Deficit	(16,140)	(11,742)	(18,436)	(7,502)	(22,648)
Effect of limit on recoverable surplus	-	(1,388)	-	(1,880)	-
Net liability recognised in the SFP	(16,140)	(13,130)	(18,436)	(9,382)	(22,648)

* Details of the restatement are included in note 28 to the financial statements.

Overall, the combined funding position on an IAS19 measure for the combined schemes has worsened over the year from a deficit of £13.1m (after the allowance for the restriction of the surplus that appeared on the Staff Scheme as at 26 March 2022) to a deficit of £16.1m. The mean term of the liabilities of the Staff scheme as at 1 April 2023 was 11 years (26 March 2022: 14 years) and 14 years for the Works scheme (26 March 2022: 17 years). The key risks relating to the pension schemes can be found in the Pension Report on pages 18 to 20.

The fair value of the plan assets comprises the following categories of asset in the stated proportions:

	Staff Scheme		Works Scheme	
All figures in %	2023	2022	2023	2022 Restated
Managed Growth	58.9	71.1	58.6	72.9
Annuities	3.5	2.6	1.0	0.9
Cash	2.9	1.3	2.5	1.1
Matching Assets	34.7	25.0	37.9	25.1

The pension plan assets do not include any investments in the shares of the Company (2022: nil).

Apart from the annuities and cash, the assets of the schemes are held in an unquoted investment fund managed by the schemes' fiduciary manager and comprising combinations of the above assets. Within those funds, the indirect equity exposures are predominantly quoted. The assets in the Matching Assets captions holdings of cash and swaps, designed to match the sensitivity of the schemes to movements in long term interest rates and inflation expectations.

The amounts recognised in the Statement of Comprehensive Income are as follows:

All figures in £'000	2023	2022
Total included within employee benefit costs - current service costs, past service costs and administration costs	974	1,203
Interest income on plan assets	(2,954)	(2,300)
Interest cost on the defined benefit obligation	3,261	2,667
Interest cost on irrecoverable surplus	38	-
Total included within interest	345	367
Total	**1,319**	**1,570**

The accompanying notes form part of the financial statements

Analysis of the movement in the Statement of Financial Position liability

All figures in £'000	**2023**	2022
At 26 March 2022 / 27 March 2021	(13,130)	(18,436)
Total expense as above	(1,319)	(1,570)
Contributions paid	2,197	2,099
Actuarial (losses) / gains recognised in Other Comprehensive Income	(3,888)	4,777
At 1 April 2023 / 26 March 2022	**(16,140)**	(13,130)

The actual return on plan assets was £32,849k deficit (2022: £3,056k deficit). The Schedule of Contributions in force required the company to make payments of £91k (2022: £119k) in contributions to the Staff Scheme and £1,193k (2022: £1,053k) in contributions to the Works Scheme during the 2024 financial year. Subsequent to the year end, the Schedule of Contributions was revised to require contributions of £111k to the Staff Scheme and £1,630k to the Works Scheme. This post year end revision does not result in any changes to the recognised assets and liabilities of the Schemes at year end. The minimum funding requirement does not give rise to an additional liability under IFRIC 14.

Following the April 2016 triennial valuation, a deficit recovery plan was agreed with the Trustees which included additional contributions of £1.4m per annum to reduce the past service deficits for nine years from 1 April 2017. The current ongoing valuation may change this profile once completed.

The cumulative amount of actuarial losses recognised in the Statement of Comprehensive Income, since the adoption of IAS 19, are £16,036k (2022: £12,148k).

	Works Scheme		Staff Scheme		Works Scheme		Staff Scheme	
All figures in £'000	**2023 FVA**	**2023 DBO**	**2023 FVA**	**2023 DBO**	2022 FVA	2022 DBO	2022 FVA	2022 DBO
At 26 March 2022 / 27 March 2021 restated	59,763	(73,128)	50,146	(48,523)	62,608	(79,661)	55,096	(56,479)
Interest income on plan assets	1,600	-	1,354	-	1,267	-	1,033	-
Current service costs	-	(772)	-	(202)	(182)	(712)	(41)	(268)
Benefits paid	(4,097)	4,097	(2,324)	2,324	(2,098)	2,098	(4,895)	4,895
Contributions by plan participants	257	(257)	72	(72)	272	(272)	106	(106)
Employer contributions	1,739	-	458	-	1,477	-	622	-
Interest cost on the DBO	-	(1,955)	-	(1,306)	-	(1,610)	-	(1,057)
Return on plan assets	(20,654)	-	(15,149)	-	(3,581)	-	(1,775)	-
Actuarial (loss)/gain on DBO	-	19,411	-	11,078	-	7,029	-	4,492
At 1 April 2023 / 26 March 2022	**38,608**	**(52,604)**	**34,557**	**(36,701)**	59,763	(73,128)	50,146	(48,523)

Experience adjustments

All figures in £'000	**2023**	2022 Restated	2021 Restated	2020	2019
Arising on plan assets	(35,803)	(5,356)	5,669	2,693	2,503
Percentage of scheme assets	(48.93%)	(4.87%)	4.82%	2.36%	2.28%
Arising on plan liabilities	30,489	11,521	(14,419)	12,244	(5,761)
Percentage of scheme liabilities	34.14%	9.47%	(10.59%)	10.08%	(4.34%)

The accompanying notes form part of the financial statements

Sensitivity analyses

The sensitivity analyses below have been determined based on reasonable possible changes to the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The sensitivity analyses may not be representative of the actual changes in the net retirement benefits as it is unlikely that the changes in assumptions would occur in isolation of one another and some of the assumptions may be inter-related.

Staff Scheme	**Current assumption**	**Sensitivity**	**£'000**	**Effect on DBO**
Discount rate	4.85%pa	0.25% decrease	1,058	+2.9%
Price inflation	3.40%pa (RPI)			
	2.95%pa (CPI)	0.25% increase	226	+0.6%
Mortality	142% of SAPS "S3" series table	Increase in life expectancy of 1 year	1,696	+4.6%

Works Scheme	**Current assumption**	**Sensitivity**	**£'000**	**Effect on DBO**
Discount rate	4.9%pa	0.25% decrease	1,832	+3.5%
Price inflation	3.35%pa (RPI)			
	2.95%pa (CPI)	0.25% increase	353	+0.7%
Mortality	142% of SAPS "S3" series table	Increase in life expectancy of 1 year	2,167	+4.1%

21 Deferred taxation

The movement on the deferred tax account is shown below:

All figures in £'000	**Group 2023**	Group 2022	**Company 2023**	Company 2022
At 26 March 2022 / 27 March 2021	141	1,183	3,336	3,604
Credit/(charge) to other comprehensive income	972	(179)	972	(179)
(Charge)/credit to equity	(10)	8	(10)	8
Adjustments in respect of prior years	(76)	38	1	(8)
(Charge) to statement of comprehensive income	(232)	(909)	(293)	(89)
At 1 April 2023 / 26 March 2022	**795**	141	**4,006**	3,336

Deferred tax assets	**Group**				**Company**			
All figures in £'000	**Pension**	**Share options**	**Other**	**Total**	**Pension**	**Share options**	**Other**	**Total**
At 27 March 2021	3,503	73	153	3,729	3,503	73	130	3,706
Adjustment in respect of prior years	13	43	(54)	2	13	43	(67)	(11)
(Charge)/credit to statement of comprehensive income	(54)	(10)	38	(26)	(54)	(10)	(1)	(65)
Credit to equity	-	8	-	8	-	8	-	8
Charge to other comprehensive income	(179)	-	-	(179)	(179)	-	-	(179)
At 26 March 2022	3,283	114	137	3,534	3,283	114	62	3,459
Adjustment in respect of prior years	-	35	(35)	-	-	35	(33)	2
(Charge)/credit to statement of comprehensive income	(220)	(85)	7	(298)	(220)	(85)	-	(305)
Credit to equity	-	(10)	-	(10)	-	(10)	-	(10)
Charge to other comprehensive income	972	-	-	972	972	-	-	972
At 1 April 2023	**4,035**	**54**	**109**	**4,198**	**4,035**	**54**	**29**	**4,118**

The accompanying notes form part of the financial statements

Deferred tax liabilities All figures in £'000	Group Accelerated capital allowances	Total	Company Accelerated capital allowances	Total
At 27 March 2021 - as previously reported	(2,246)	(2,246)	(102)	(102)
Restatement - note 28	(300)	(300)	-	-
At 27 March 2021 - restated	(2,546)	(2,546)	(102)	(102)
Adjustment in respect of prior years	37	37	-	-
Charge to statement of comprehensive income	(884)	(884)	(21)	(21)
At 26 March 2022	(3,393)	(3,393)	(123)	(123)
Adjustment in respect of prior years	(76)	(76)	-	-
Charge to statement of comprehensive income	66	66	11	11
At 1 April 2023	**(3,403)**	**(3,403)**	**(112)**	**(112)**

Deferred tax assets have been recognised in respect of temporary differences giving rise to deferred tax assets where it is probable that these assets will be recovered, given forecast profits. The group has not recognised a deferred tax asset on the tax losses incurred by its US subsidiaries of £2,944k (2022: £2,866k).

22 Share capital

Group and Company
Issued and fully paid

	Number of ordinary shares	£'000
At 1 April 2023 and 26 March 2022	9,554,803	2,389

Potential issue of ordinary shares

Under the Group's long-term incentive plan for executive directors and senior executives, such individuals hold rights over ordinary shares that may result in the issue of up to 68,173 ordinary shares of 25p by September 2025 (2022: 71,748 ordinary shares of 25p by August 2024). There were no share options exercised in the period (2022: nil). Further information on directors share options can be seen in the Remuneration Committee Report.

Long Term Incentive Plan

	Options at 26 March 2022	Options granted in the period	Options exercised in the period	Options not expected to vest	Options lapsed in the period	Options at 1 April 2023
Share options	71,748	62,214	nil	nil	(65,789)	68,173

The amount of gains made by Directors on share options exercised in the year totalled £nil (2022: £nil).
The Statement of Comprehensive Income includes an LTIP credit of £69,039 for the year in relation to Directors (2022: £73,689 credit).

Cash-Settled Options

Conditional cash awards ("Cash Awards") grant participating employees a conditional right to be paid a cash amount based on the proceeds of the sale of a specified number of Ordinary Shares following vesting of the award. Under the LTIP Plan, Conditional Cash awards were granted to Executive Directors as follows:

	Options at 26 March 2022	Options granted in the period	Options exercised in the period	Options not expected to vest	Options lapsed in the period	Options at 1 April 2023
Cash-settled options	19,171	7,825	nil	nil	(10,531)	16,465

23 Employees and Directors

Employee benefit costs during the period

All figures in £'000	Group 2023	Group 2022	Company 2023	Company 2022
Wages and salaries	29,340	25,934	2,899	2,401
Social Security costs	2,945	2,391	433	315
Pension costs (note 20)	2,174	2,210	615	711
	34,459	30,535	**3,947**	3,427

The average monthly number of people (including Executive Directors) employed in the Group during the year, analysed by division was as follows:

All figures in Number	Full Time Equivalent 2023	2022	Headcount 2023	2022
James Cropper Paper Products	390	375	398	384
James Cropper 3D Products	41	33	41	34
Technical Fibre Products	156	135	159	143
James Cropper PLC	58	44	70	67
	645	587	**668**	628

24 Capital commitments

All figures in £'000	Group 2023	Group 2022	Company 2023	Company 2022
Contracts placed for future capital expenditure not provided in the financial statements	1,196	2,308	34	14

25 Contingencies and events post the reporting period

There were no contingent liabilities at the period end for the Group.

The Group's trading update communicated to the Markets on 19 April 2023, outlined a strategic repositioning to accelerate revenue and profit growth across the Group. The streamlining of the Paper division is one of the three pillars central to the repositioning. As part of this process, restructuring costs will likely be incurred in financial year 2024. The quantum of restructuring costs is, however, unknown at the time of this report.

26 Exceptional items

All figures in £'000	Group 2023	Group 2022	Company 2023	Company 2022
Earn-out adjustment on contingent consideration on business acquisition	986	354	-	-
Exceptional items in Other expenses	**986**	354	**-**	-
Fair value adjustment on contingent consideration	109	-	-	-
Exceptional items in Interest payable and similar charges	**109**	-	**-**	-

Due to future projections exceeding original projections on acquisition of TFP Hydrogen Products Ltd, additional provisions for earn out were required.

Adjustments to the contingent consideration on business acquisition are treated as exceptional items as they distort core operating profitability of the Group and make year-on-year comparison of performance challenging.

27 Related party transactions

Group

The Group has taken advantage of the exemption not to disclose intra-group transactions that are eliminated on consolidation. TFP Hydrogen Products Ltd paid £22,000 (2022: £22,000) to NRD Ventures Ltd, a company in which David Hodgson (Director of TFP Hydrogen Products Ltd) is a Director, for rental of premises in Launceston, Cornwall, used as the main premises for TFP Hydrogen Products Ltd.

Company

The Company paid £40,000 (2022: £40,000) to Sir James Cropper (Honorary President) for the use of reservoirs to supply water to the factory premises. The contract is based on a twenty year repairing lease with rent reviews every five years. The rent is negotiated through independent advisers representing each party. The Company paid £1,305 (2022: £nil) to Ellergreen Group, a company in which M A J Cropper (Chairman and Non-Executive Director) is a director in the period for maintenance work. The Company paid £23,935 (2022: £23,528) to Ellergreen Group, a company in which M A J Cropper is a director, for imports of electricity from the hydro-electric plant owned and operated by the company.

The Company also has the following transactions and balances with related entities:

2023

All figures in £'000	Management charges	Receivable/ (Payable)	Loans & net intercompany funding
James Cropper Speciality Papers Limited	4,715	4,126	8,100
James Cropper Converting Limited	404	106	3,363
James Cropper 3D Products Limited	686	147	19,039
Technical Fibre Products Limited	2,784	812	12,466
James Cropper Overseas Trading Limited	-	139	(60)
	8,589	5,330	42,908

2022

All figures in £'000	Management charges	Receivable/ (Payable)	Loans & net intercompany funding
James Cropper Speciality Papers Limited	3,285	971	226
James Cropper Converting Limited	223	12	7,720
James Cropper 3D Products Limited	331	(3)	11,352
Technical Fibre Products Limited	1,827	1,185	19,121
James Cropper Overseas Trading Limited	-	107	1
	5,666	2,272	38,420

Compensation for Key Management and Directors' Remuneration

In accordance with IAS 24, "Related Party Disclosures", key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, and includes directors (both executive and non-executive) of James Cropper PLC. The remuneration of the directors is disclosed in the Report of the Remuneration Committee (pages 61 to 65). There are 6 Directors who accrued retirement benefits under money purchase and defined benefit schemes in the year (2022: 7 Directors).

All figures in £'000	2023	2022
Salaries and fees	1,095	1,162
Short term employee benefits	106	155
Short term bonuses	51	101
Pension costs	50	60
Termination benefits	201	-
Total	1,503	1,478

The amount of gains made by Directors on share options exercised in the year totalled £nil (2022: £nil).

The accompanying notes form part of the financial statements

28 Prior period restatement

The comparatives detailed below have been restated. No adjustment impacts prior year profit. Net assets have reduced by £300k.

Statement of Financial Position - Group

All figures in £'000	As previously reported 2022	Restatement 2022	Restated 2022
Trade and other receivables - pre-payments[1]	22,184	(278)	21,906
Long-term borrowings - unsecured bank loans[1]	18,727	(278)	18,449
Deferred tax liability[2]	3,093	300	3,393
Retained earnings[2]	31,691	(300)	31,391

Statement of Financial Position - Company

All figures in £'000	As previously reported 2022	Restatement 2022	Restated 2022
Trade and other receivables - pre-payments[1]	55,027	(278)	54,749
Long-term borrowings - unsecured bank loans[1]	8,182	(278)	7,904

Statement of Cash flows - Group

All figures in £'000	As previously reported 2022	Restatement 2022	Restated 2022
Increase in trade and other receivables[1]	(6,220)	278	(5,942)
Increase in trade and other payables[3]	5,545	400	5,945
Net cash generated from operating activities	3,351	678	4,029
Purchase of property, plant and equipment[4]	(6,705)	563	(6,142)
Deferred consideration on business acquisition paid[3]	-	(400)	(400)
Net cash used in investing activities	(6,761)	163	(6,598)
Proceeds from issue of new loans[4]	9,754	(563)	9,191
Fees paid on raising finance[1]	-	(278)	(278)
Net cash used in financing activities	4,277	(841)	3,436

1 Fees paid on raising finance previously allocated to prepayments within trade and other receivables have been reallocated against borrowings in the statement of financial position and the related cash flow has been separately disclosed under financing activities. There is no impact on net assets or cash and cash equivalents. The opening balance in the reconciliation of net cash flow to net debt in note 18 Borrowings has been restated accordingly.

2 The opening balance of the deferred tax liability for FY2022, has been increased by £300k, following the finalisation of previous years computations due to errors identified at the tax provisioning stage. This results in a corresponding reduction in retained earnings. Earnings per share for FY2021 have been restated accordingly from 16.4p to 13.2p.

3 The deferred consideration on business acquisition paid previously disclosed within increase in trade and other payables has been separately disclosed under investing activities to more appropriately reflect the nature of the cash flow. There is no impact on net assets or cash and cash equivalents.

4 The cash flow relating to additions to property, plant and equipment previously included additions to right-of-use assets which are financed via lease and are therefore non-cash. The correction has resulted in a decrease in purchase of property, plant and equipment and a decrease in proceeds from issue of new loans.

The accompanying notes form part of the financial statements

Property, plant and equipment

As disclosed in note 10 Property, plant and equipment, the opening cost and accumulated depreciation balances for plant and machinery in the comparative were reduced by £2,298k for the group and £266k for the company to correct an overstatement identified. The correction has a nil effect on net book value.

Group

All figures in £'000	As previously reported 2022	Restatement 2022	Restated 2022
Plant and machinery - cost at 27 March 2021	90,112	(2,298)	87,814
Plant and machinery - accumulated depreciation at 27 March 2021	73,395	(2,298)	71,097
Plant and machinery - net book value at 27 March 2021	16,717	-	16,717

Company

All figures in £'000	As previously reported 2022	Restatement 2022	Restated 2022
Plant and machinery - cost at 27 March 2021	2,809	(266)	2,543
Plant and machinery - accumulated depreciation at 27 March 2021	2,199	(266)	1,933
Plant and machinery - net book value at 27 March 2021	610	-	610

Retirement benefit liabilities

The gross amount of the Works scheme fair value of assets has been increased by £521k to account for the annuities held but not previously recognised. The defined benefit obligation has been increased by the corresponding amount resulting in a nil impact on the retirement benefit liabilities disclosed.

Group & Company

All figures in £'000	As previously reported 2022	Restatement 2022	Restated 2022
Fair value assets	109,388	521	109,909
Defined benefit obligation	121,130	521	121,651
Retirement benefit liabilities	11,742	-	11,742
Effect of limit on recoverable surplus	(1,388)	-	(1,388)
Retirement benefit liabilities	(13,130)	-	(13,130)

The accompanying notes form part of the financial statements

2022 – 2023 Shareholder Information

Reporting

Interim Results announced and sent to	
Ordinary Shareholders	15 November 2022
Final results announced	24 August 2023
Notification of AGM issued by	4 September 2023
Annual General Meeting	Tuesday 26 September 2023 at 11.00am. Held at Bryce Institute, Burneside Mills, Kendal LA9 6QZ.

Dividends on Ordinary Shares

Interim dividend paid on 13 January 2023 to Ordinary Shareholders registered on 9 December 2022.
Final dividend proposed to be paid on or before 20 October 2023 to Ordinary Shareholders registered on 8 September 2023.

Advisers

Independent Auditor

Grant Thornton UK LLP, Manchester

Tax Advisers

PriceWaterhouseCoopers LLP, Manchester

NOMAD & Stockbrokers

Shore Capital, London

Corporate Lawyers

Squire Patton Boggs LLP, Manchester
DWF LLP, Manchester

Registrars

Link Asset Services, Beckenham

Pension Adviser

Willis Towers Watson, Manchester

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